

No. S-228723
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF
PURE GOLD MINING INC.

PETITIONER

APPLICATION RECORD
Hearing Date: March 7, 2023

Stay Extension and Amendment to Interim Financing

Counsel for the Petitioner,
Pure Gold Mining Inc.

BLAKE CASSELS & GRAYDON LLP

Barristers and Solicitors
2600 – 595 Burrard Street
Vancouver, BC V7X 1L3
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Peter Bychawski

Date: March 7, 2023
Time: 9:00 a.m.
Place of Application: 800 Smithe Street, Vancouver, BC
Time estimate: One hour
Application Record provided by: Pure Gold Mining Inc.
To be Heard Before: Justice Walker

TAB	DOCUMENT	SWORN/DATED
1.	Notice of Application (a) Schedule A – Draft Stay Extension Order (b) Schedule B – Draft DIP Amendment Order	March 2, 2023
2.	Affidavit #5 of Chris Haubrich	March 2, 2023
3.	Monitor’s Third Report to the Court	March 2, 2023
4.	Blackline of Amended and Restated Interim Facility Term Sheet	

Tab 1



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IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF
PURE GOLD MINING INC.

PETITIONER

NOTICE OF APPLICATION

Name of applicant: Pure Gold Mining Inc. (the "Applicant" or "Pure Gold")

To: The Service List

TAKE NOTICE that an application will be made by the Applicant to the Honourable Justice Walker at the courthouse at 800 Smithe Street, Vancouver, British Columbia on March 7th, 2023 at 9:00 am for the orders set out in Part 1 below.

Part 1: ORDERS SOUGHT

1. The Applicant seeks the following orders:
 - (a) an order, substantially in the form attached as **Schedule "A"**, extending the stay of proceedings with respect to the Applicant from March 10, 2023 until and including May 8, 2023, and
 - (b) an order, substantially in the form attached as **Schedule "B"**, approving the Amended and Restated Interim Financing Term Sheet dated February 28, 2023 (the "**Amended DIP Term Sheet**") between the Applicant, as borrower, and Sprott Private Resource Lending II (Collector), LP as "**Interim Lender**".
2. The Applicant seeks such other orders, directions, and declarations as counsel for the Applicant may advise and this Court may deem appropriate in the circumstances.

Part 2: FACTUAL BASIS

Background

3. On October 31, 2022, this Court pronounced an order (the "**Initial Order**") granting the Applicant protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the

"**CCAA**"). On that date, this Court also approved an interim credit facility in an amount not to exceed US \$2 million (the "**Interim Facility**") provided by the Interim Lender, an affiliate of "**Sprott**", the Applicant's senior secured lender and largest creditor.

4. On November 9, 2022, in furtherance of the Applicant's restructuring objectives, this Court approved, among other things, (a) a sales and investment solicitation process (the "**SISP**") in respect of the Applicant's business and property; and (b) an amendment to the Interim Facility to increase permitting borrowings to an amount not to exceed US \$10 million unless otherwise ordered by this Court.

5. On January 23, 2023, the Applicant sought an extension of the stay of proceedings up to and including March 10, 2023 to permit it to continue to advance its restructuring efforts.

Update on the Applicant's Restructuring Efforts

6. The Applicant has continued to make good faith efforts towards the implementation of its restructuring objections. These efforts have been with the assistance of National Bank Financial Inc., the Applicant's Court-approved "**Sales Agent**", and in consultation with KSV Restructuring Inc., the "**Monitor**" in these proceedings and Sprott in its capacity as the Applicant's senior secured lender, Interim Lender, and largest creditor.

7. The Applicant's restructuring efforts have included:

- (a) operating its mine on a care and maintenance basis;
- (b) engaging with stakeholders including secured creditors, unsecured creditors, suppliers, the Interim Lender, the government, and employees;
- (c) advancing the Court approved SISP including by maintaining an active electronic "**Data Room**" containing information of interest to potential bidders and entering into multiple confidentiality agreements with parties interested in the opportunity provided for by the SISP;
- (d) engaging with the Monitor;
- (e) engaging with the Sales Agent;
- (f) engaging with consultants and considering technical matters such as a new Life-of-Mine plan for the mine; and
- (g) complying with its reporting obligations and other requirements under applicable court orders.

8. In addition to the above, the Applicant has also completed a "**Scoping Study**" with respect to the mine. Completion of the Scoping study was intended to accomplish the goal of re-establishing the Applicant's long-term development and production plans (including a detailed restart plan) to a level of detail that will be sufficient to assist parties interested in completing a transaction with the Applicant, or in respect of its assets. The Scoping Study is now available to all interested parties with access to the Data Room and the Applicant has facilitated several diligence sessions pertaining to the Scoping Study.

The Proposed Stay Extension

9. The Applicant's restructuring efforts to date have benefitted from the "breathing room" provided for by the stay of proceedings. Given the status of its restructuring efforts, the Applicant continues to require a stay of proceedings and the other protections afforded by this Court's orders as it consults with the Sales Agent, Sprott, and the Monitor on the future direction of these CCAA proceedings including the SISP.

10. In the circumstances, the Applicant is requesting that the stay of proceedings granted by this Court be extended from March 10, 2023 to May 8, 2023.

11. With the benefit of the extended stay period, the Applicant intends to continue to engage in discussions with Sprott and interested third parties concerning a possible transaction. It expects that a transaction or defined path forward for these proceedings will be known in advance of the expiry of the proposed stay period.

Amendment to Interim Financing Facility

12. Based on its updated cash flow projections, the Applicant will require an amendment to the Interim Facility to provide access to additional working capital to carry it through the proposed stay extension period.

13. To provide for the required working capital, the Applicant has agreed with Sprott, in consultation with the Monitor, to the terms of the Amended DIP Term Sheet.

14. The terms of the Amended DIP Term Sheet, which were developed in consultation with the Monitor, provide for an increase to the authorized borrowings under the Interim Facility from US\$10 million to US\$15 million. The commercial terms of the Amended DIP Term Sheet are on substantially similar terms to the Interim Financing Term Sheet approved by this Court on October 31, 2022 and November 9, 2022, with amendments as negotiated between Pure Gold and Sprott.

Part 3: LEGAL BASIS

The Stay of Proceedings Should be Extended

15. A stay of proceedings is the "central tool" by which this Court maintains the status quo for a debtor company, allowing it the necessary time, flexibility, and "breathing room" to carry out a supervised restructuring or organized sales process while continuing its ongoing operations.

***1057863 B.C. Ltd. (Re)*, 2022 BCSC 876, paras. 31, 35 [1057863], citing *Timminco Limited (Re)*, 2012 ONSC 2515, para. 15.**

16. The baseline considerations and requirements for a stay extension are that a stay is "appropriate" and that the debtor company subject to the CCAA is acting in good faith and with due diligence.

CCAA, ss. 11.02(2)-(3).

17. In the present case, the Applicant has been acting in good faith and with due diligence in these CCAA proceedings.

18. The proposed stay extension is necessary to maintain the status quo as the Applicant pursues restructuring efforts for the benefit of its stakeholders and is appropriate given the status of such efforts.

The Amendment to the Interim Facility Should be Approved

19. The Applicant believes that the increase in the amount of authorized borrowings under the Interim Facility and the terms of the Amended DIP Term Sheet are reasonable and appropriate in the circumstances given:

- (a) the status of the Applicant's restructuring efforts;
- (b) the need for funding to preserve the value of Pure Gold's mine and its operational and environmental integrity; and
- (c) the provision of the Interim Facility by Sprott, as the company's Interim Lender, senior secured lender, and largest creditor.

20. Having regard to the Applicant's current financial needs, the way the Applicant's business and financial affairs are to be managed as it continues to implement its restructuring efforts, and the nature and value of its property, the Applicant is of the view that approval of the Amended DIP Term Sheet is the best available option to preserve its value and enhance the prospects of a successful restructuring of its business in the interest of its stakeholders.

21. The Applicant submits that approval of the Amended DIP Term Sheet meets the non-exhaustive list of statutory factors set out in section 11.2(4) of the CCAA.

Part 4: MATERIAL TO BE RELIED ON

- 1. Affidavit #5 of Chris Haubrich made March 2, 2023;
- 2. Third Report of the Monitor, to be filed; and
- 3. Such further materials as counsel for the Applicant may advise.

The Applicant estimates that the application will take an hour.

This matter is not within the jurisdiction of a master. Justice Walker is seized of this matter.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that

- (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
- (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: 2/Mar/2023



Signature of Peter Bychawski
Lawyer of Pure Gold Mining Inc.

Blake, Cassels & Graydon LLP
Barristers and Solicitors
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595 Burrard Street PO Box 49314
Vancouver, BC V7X 1L3
Email: peter.bychawski@blakes.com
Telephone: 604-631-4218

To be completed by the court only:	
Order made	
<input type="checkbox"/>	in the terms requested in paragraphs of Part 1 of this notice of application
<input type="checkbox"/>	with the following variations and additional terms:

Date: _____	Signature of <input type="checkbox"/> Judge <input type="checkbox"/> Master

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Peter Bychawski
Lawyer for the Applicant

BY THE COURT.

Registrar

Schedule "A"

Counsel Name	Party Represented

Schedule "B" to Notice of Application

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AND

IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF PURE GOLD MINING INC.

PETITIONER

ORDER MADE AFTER APPLICATION

BEFORE) THE HONOURABLE JUSTICE WALKER) March 7, 2023
))

ON THE APPLICATION of the petitioner, Pure Gold Inc. (the "**Applicant**"), coming on for hearing at Vancouver, British Columbia on the 7th day of March 2023; AND ON HEARING Peter Bychawski and Peter L. Rubin, counsel for the Applicant, and those other counsel listed on Schedule "A" hereto; AND UPON READING Affidavit #5 of Chris Haubrich, affirmed on March 2, 2023 (the "**Fifth Haubrich Affidavit**"), and the Third Report of KSV Restructuring Inc. dated March 2, 2023; AND pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985 c. C-36, as amended, the *British Columbia Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES that:

Capitalized Terms

1. Capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in this Court's Amended and Restated Initial Order (the "**ARIO**") granted in these proceedings on November 9, 2022.

Amendment to Interim Financing Facility Approved

2. The Amended and Restated Interim Financing Term Sheet dated February 28, 2023 (the "**Amended DIP Term Sheet**") between the Applicant, as borrower, and Sprott Private Resource Lending II (Collector), LP (the "**Interim Lender**"), as Interim Lender, in substantially the form of

the Amended DIP Term Sheet attached as Exhibit "A" to the Fifth Haubrich Affidavit, is hereby approved.

3. The Applicant is hereby authorized and empowered to obtain and borrow under the credit facility provided for by the Amended DIP Term Sheet in order to finance the continuation of the Business and the preservation of the Property, provided that borrowings under such credit facility shall not exceed US \$15,000,000 unless otherwise permitted by further Order of this Court.

4. The provisions of the ARIO applicable to the credit facility provided for by the Interim Financing Term Sheet, including but not limited to paragraphs 4(c), 24(c), 24(d), 27, and 32 – 43, shall apply, *mutatis mutandis*, to the Amended DIP Term Sheet.

5. Endorsement of this Order by counsel appearing on this application other than counsel for the Applicant is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Peter Bychawski
Lawyer for the Applicant

BY THE COURT.

Registrar

Schedule "A"

Counsel Name	Party Represented

Tab 2



This is the 5th affidavit of
C. Haubrich in this case and was
made on March 2, 2023

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AFFIDAVIT

I, Chris Haubrich, of Suite 1900 – 1055 West Hastings, Vancouver, British Columbia, AFFIRM
THAT:

I. INTRODUCTION

1. I am the Vice President of Business Development and Chief Financial Officer of Pure Gold Mining Inc. ("**Pure Gold**"), the petitioner in this proceeding. As such, I have personal knowledge of the matters deposed to in this affidavit, except where stated to be based upon information provided to me, in which case I believe the same to be true.

2. I previously made affidavits in these proceedings including on October 30, 2022 (my "**Affidavit #1**"), November 4, 2022 (my "**Affidavit #2**"), and January 18, 2023 (my "**Affidavit #3**").

3. This affidavit provides an update on Pure Gold's restructuring efforts since my Affidavit #3. Capitalized terms not otherwise defined in this affidavit have the meanings ascribed to them in my Affidavit #1, Affidavit #2, and Affidavit #3, as applicable.

Update on Pure Gold's Restructuring Efforts

4. Since my Affidavit #3, Pure Gold has continued to make good faith efforts towards the implementation of its restructuring objectives with the assistance of its Court-approved Sales Agent, and in consultation with the Monitor, and Sprott, in its capacity as Pure Gold's senior secured lender, Interim Lender in these proceedings, and largest creditor.

5. Among other efforts to advance these proceedings, since my Affidavit #3 Pure Gold has continued to:

- (a) operate its Mine on a care and maintenance basis;
- (b) engage with stakeholders including secured creditors, unsecured creditors, suppliers, the Interim Lender, the government, and employees;
- (c) advance the SISP including by maintaining an active electronic "Data Room" containing information of interest to potential bidders and entering into multiple confidentiality agreements with parties interested in the opportunity provided for by the SISP including since I made my Affidavit #3 on January 18, 2023;
- (d) engage with the Monitor;
- (e) engage with the Sales Agent;
- (f) engage with consultants and consider technical matters such as the LOM Plan; and
- (g) comply with its reporting obligations and other requirements under applicable court orders.

6. In addition to the above, Pure Gold has completed the Scoping Study referred to in my Affidavit #3. As discussed in my Affidavit #3, the completion of the Scoping Study was intended to accomplish the goal of re-establishing Pure Gold's long-term development and production plans (including a detailed restart plan) to a level of detail that will be sufficient to assist parties interested in completing a transaction with Pure Gold, or in respect of its assets. The Scoping Study is now available to all interested parties with access to the Data Room and Pure Gold has facilitated several diligence sessions pertaining to the Scoping Study.

Stay Extension Required

7. Pure Gold's restructuring efforts to date have benefitted from the "breathing room" provided for by this Court's granting of a stay of proceedings in favour of the company. Given the status of its restructuring efforts, Pure Gold continues to require a stay of proceedings and the other protections afforded by this Court's orders as it consults with the Sales Agent, Sprott, and the Monitor on the future direction of these CCAA proceedings including the SISP.

8. In the circumstances, Pure Gold is requesting that the stay of proceedings granted by this Court be extended from March 10, 2023 to May 8, 2023. Pure Gold believes that the duration of the proposed stay extension will provide it sufficient time to make necessary decisions on how to advance its restructuring efforts. Pure Gold intends to keep the Mine on care and maintenance status during the proposed stay extension period.

9. With the benefit of the extended stay period, Pure Gold intends to continue to engage in discussions with Sprott and interested third parties concerning a possible transaction. Pure Gold expects that a transaction or defined path forward for these proceedings will be known in advance of the expiry of the proposed stay period.

10. I believe that Pure Gold has been acting in good faith and with due diligence in these CCAA proceedings and that the proposed stay extension is in the best interest of the company and its stakeholders. I understand that the Monitor and Sprott, in its capacity as Pure Gold's senior secured lender, Interim Lender in these proceedings, and largest creditor, support the requested stay extension.

Amendment to Interim Financing Facility

11. Based on its updated cash flow projections, a copy of which will be attached to the Third Report of the Monitor (to be filed), Pure Gold will require an amendment to the "**Interim Facility**" approved by this Court on October 31, 2022 and November 9, 2022 to provide for access to additional working capital to carry it through the proposed stay extension period.

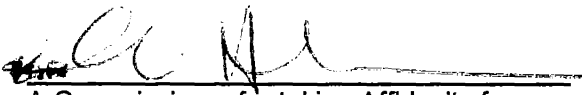
12. To provide for the required working capital, Pure Gold has agreed with Sprott, in consultation with the Monitor, to the terms of an Amended and Restated Interim Financing Term Sheet dated February 28, 2023 (the "**Amended DIP Term Sheet**"), a copy of which is attached as **Exhibit "A"** to my affidavit.

13. The terms of the Amended DIP Term Sheet, which were developed in consultation with the Monitor, provide for an increase to the authorized borrowings under the Interim Facility from US\$10 million to US\$15 million. The commercial terms of the Amended DIP Term Sheet are on substantially similar terms to the Interim Financing Term Sheet approved by this Court on October 31, 2022 and November 9, 2022, with amendments as negotiated between Pure Gold and Sprott.

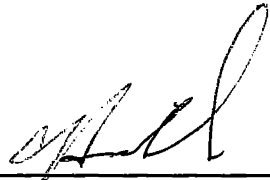
14. The increase to the authorized borrowings under the Interim Facility is required to fund Pure Gold's immediate operational needs, including payroll for employees critical to Mine maintenance and preservation, and to allow the company to continue with its current restructuring efforts for the benefit of all stakeholders.

15. Pure Gold's management believes that the increase in the authorized borrowings under the Interim Facility and the terms of the Amended DIP Term Sheet are reasonable and appropriate given the status of Pure Gold's restructuring efforts and having regard to Pure Gold's current financial needs. In the circumstances, I believe that approval of the Amended DIP Term Sheet is the best available option for Pure Gold to preserve value and enhance the prospects of a successful restructuring of Pure Gold's business in the interest of its stakeholders.

AFFIRMED BEFORE ME at Vancouver,
British Columbia on March 2, 2023



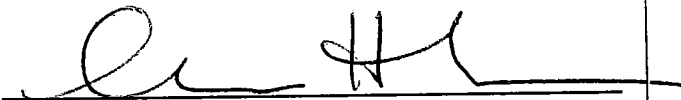
A Commissioner for taking Affidavits for
British Columbia



CHRIS HAUBRICH

CLAIRE HILDEBRAND
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BLAKE, CASSELS & GRAYDON LLP
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(604) 631-3331

This is Exhibit "A" referred to in the affidavit of Chris Haubrich affirmed before me at Vancouver, British Columbia this 2nd day of March, 2023.

A handwritten signature in black ink, appearing to read 'C. Hildebrand', written over a horizontal line.

A Commissioner for taking Affidavits
for British Columbia

CLAIRE HILDEBRAND
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**USD \$15,000,000
AMENDED AND RESTATED
INTERIM FINANCING TERM SHEET**

Dated: February 28, 2023

WHEREAS the Borrower (as defined below) has made an application before the Supreme Court of British Columbia (the "**Court**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**");

AND WHEREAS the Borrower and the Interim Lender (as defined below) entered into the Interim Financing Term Sheet whereby the Borrower requested that the Interim Lender provide financing of up to US \$10,000,000 in accordance with the terms and conditions set forth therein to fund certain cash requirements of the Borrower during the pendency of the Borrower's proceedings under the CCAA (the "**CCAA Proceedings**");

AND WHEREAS the Interim Lender has advanced the principal amount of US \$10,000,000 pursuant to the Interim Financing Term Sheet;

AND WHEREAS the Borrower has requested that the Borrower and the Lender amend and restate the Interim Financing Term Sheet to, amongst others, increase the amount of the financing to be provided by the Interim Lender to up to the principal amount of US \$15,000,000 (in aggregate);

AND WHEREAS the Interim Lender and Borrower have agreed to amend and restate the Interim Financing Term Sheet on the terms and conditions set out herein (the "**Amended and Restated Interim Financing Term Sheet**").

NOW THEREFORE, the parties, for good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged by each of the parties hereto), agree as follows:

1. **BORROWER** Pure Gold Mining Inc. (the "**Borrower**").
2. **LENDER** Sprott Private Resource Lending II (Collector), LP (the "**Interim Lender**").
3. **DEFINED TERMS** Capitalized terms used in this Amended and Restated Interim Financing Term Sheet not otherwise defined herein shall have the meanings given thereto in **Schedule A**.
4. **PURPOSE** The Borrower shall use the proceeds of the Interim Facility solely for the following purposes and in the following order, in each case during and for the purposes of the Borrower's pursuit of the CCAA Proceedings:
 - (a) To fund professional fees, including fees of the Monitor (as that term is defined below) and the legal fees of counsel to the Interim Lender, the Borrower and the Monitor. It is agreed to and acknowledged by the Borrower and the Interim Lender that those fees and expenses incurred to the date hereof, as and including those provided for in the Agreed Budget as of the date hereof

are reasonable and can be funded from the Interim Facility.

- (b) To fund the payment of interest and other amounts payable under the Interim Facility under this Amended and Restated Interim Financing Term Sheet in accordance with the terms hereof.
- (c) To finance only (i) agreed operating expenses of the Borrower, (ii) restructuring costs in the CCAA Proceedings, and (iii) agreed general corporate purposes of the Borrower including the payment of insurance costs, in each case and all in accordance with the Agreed Budget (as defined below).
- (d) To fund such other costs and expenses as agreed to by the Interim Lender, in writing and consented to by the Monitor.

For greater certainty, the Borrower may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Borrower without the prior written consent of the Interim Lender and the Monitor; it being agreed by the Interim Lender that such consent is not required for the Borrower to pay (i) fees and disbursements for the pre-filing period incurred in contemplation of the CCAA Proceedings owing to counsel to the Borrower, the Monitor and counsel to the Monitor; (ii) taxes, accrued payroll and other ordinary course liabilities, provided that such amounts are included in the Agreed Budget; or (iii) any other amounts owing by the Borrower to the extent specifically identified in the Agreed Budget.

5. INTERIM FACILITY, MAXIMUM AMOUNT

A super-priority, debtor-in-possession interim, non-revolving credit facility (the “**Interim Facility**”) up to a maximum principal amount of US \$15,000,000 (the “**Maximum Amount**”), subject to the terms and conditions contained herein. Advances under the Interim Facility (collectively the “**Interim Advances**” and individually an “**Interim Advance**”) shall be deposited into the Deposit Account and utilized by the Borrower in accordance with the Agreed Budget and the terms hereof.

6. INTEREST RATE

The Interim Advances shall bear interest at a rate per annum equal to 15.00%. Such interest shall accrue daily and shall be payable monthly in arrears on each Interest Payment Date for each Interim Advance for the period from and including the date upon which the Interim Lender advances such Interim Advance to the Borrower to and including the day such Interim Advance is repaid or paid, as the case may be, to the Interim Lender, and shall be calculated on the principal amount of each Interim Advance outstanding during such period. All interest shall be computed on the basis of a 360-day year of twelve 30-day months, provided

that, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

7. CONDITIONS PRECEDENT TO EFFECTIVENESS AND INTERIM ADVANCES

The effectiveness of this Amended and Restated Interim Financing Term Sheet and the agreement of the Interim Lender to make advances of the Interim Facility shall be subject to the satisfaction of the following conditions precedent, as determined by the Interim Lender:

- (a) The DIP Order shall continue (i) in full force and effect, (ii) to be satisfactory to the Interim Lender in its sole discretion, (iii) to approve the Interim Financing Term Sheet and the Interim Facility; (iv) to grant the Interim Lender a charge (the "**Interim Lender Charge**") over the Property of the Borrower securing all obligations owing by the Borrower to the Interim Lender under the Interim Financing Term Sheet (the "**Interim Financing Obligations**"), (v) to have priority over all Liens other than the Permitted Priority Liens; and (vi) to treat the Interim Lender as an unaffected creditor in the CCAA Proceedings; and
- (b) The Court shall have issued an order, *inter alia*, approving this Amended and Restated Interim Financing Term Sheet, confirming that the Interim Lender Charge shall secure all obligations owing by the Borrower to the Interim Lender under this Amended and Restated Interim Financing Term Sheet, and such other matters as the Interim Lender may require, in each case, in the Interim Lender's sole discretion (the "**Approval Order**").

The making of each Interim Advance by the Interim Lender shall be further subject to the satisfaction of the following conditions precedent (collectively, the "**Funding Conditions**") as determined by the Interim Lender:

- (a) The Approval Order shall not have been stayed, vacated or otherwise caused to be ineffective or materially amended, restated or modified, without the consent of the Interim Lender and such Approval Order shall have become a final order not subject to appeal.

- (b) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or arrangements satisfactory to the Interim Lender shall have been made to pay such amounts.
- (c) The Borrower shall be in compliance with all orders issued in the CCAA Proceedings.
- (d) The Borrower shall have paid all statutory liens, trust and other priming government claims including, without limitation, source deductions, except, in each case, for any such amounts that are not yet due and payable or which are in dispute in which case appropriate reserves have been made.
- (e) All of the representations and warranties of the Borrower as set forth herein shall be true and accurate in all material respects.
- (f) No Default or Event of Default shall have occurred or, if applicable, shall occur as a result of the requested Interim Advance.
- (g) No Material Adverse Change shall have occurred after the date hereof.
- (h) There shall be no Liens ranking in priority to the Interim Lender Charge other than the Permitted Priority Liens.
- (i) The Interim Lender shall have received a written request for an Interim Advance from the Borrower, substantially in the form attached hereto as Schedule B, which shall be executed by a director or officer of the Borrower, and shall certify, *inter alia*, that (i) the requested Interim Advance, when aggregated with all other Interim Advances outstanding at such time, does not exceed the Maximum Amount and is consistent with the Agreed Budget, and (ii) the Borrower and the other Borrower are in compliance with this Amended and Restated Interim Financing Term Sheet and the Court Orders.
- (j) The requested Interim Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Advance.

For greater certainty, the Interim Lender shall not be obligated to make any Interim Advance or otherwise make available funds pursuant to this Amended and Restated Interim Financing Term Sheet unless and until all the foregoing applicable conditions have been satisfied, or waived by the Interim Lender, and all the foregoing applicable documentation and confirmations have been obtained (for certainty, each of the same, as applicable, as a condition precedent to each Interim Advance), each in form and content satisfactory to the Interim Lender in its sole discretion. All present and future obligations of the Borrower under or in connection with this Amended and Restated Interim Financing Term Sheet and all other documents in connection with the Interim Facility will be satisfactory to the Interim Lender.

8. COSTS AND EXPENSES

The Borrower shall pay all of the reasonable and documented legal fees (on a solicitor-client, full indemnity basis), out-of-pocket disbursements and any costs of the Interim Lender in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, or the CCAA Proceedings, and for certainty, including without limitation the preparation and negotiation of all of the Interim Financing Term Sheet, the Amended and Restated Interim Financing Term Sheet and court filings in connection with the CCAA Proceedings, any amendments thereto or analysis thereof or the assessment or enforcement of any rights and/or remedies of the Interim Lender thereunder or in connection with in connection with the CCAA Proceedings (collectively, the "Interim Financing Fees and Expenses").

9. INTERIM LENDER CHARGE

All Interim Financing Obligations of the Borrower shall be secured by the Interim Lender Charge which has been granted by the Court on terms and conditions satisfactory to the Interim Lender in its sole discretion. The Borrower shall not agree to or consent to any Liens over the Collateral, except for Permitted Liens.

10. MONITOR

The court-appointed monitor in the CCAA Proceedings shall be KSV Restructuring Inc. (the "**Monitor**"). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor as may be requested by the Interim Lender from time to time. The Borrower does not object to the Monitor retaining Fasken Martineau DuMoulin LLP as its legal counsel.

11. TERM AND MATURITY

All of the Interim Financing Obligations are required to be paid in full, and the Borrower shall repay all of the Interim Financing Obligations in full, on the earlier of:

(i) the occurrence of any Event of Default which is continuing and has not been waived by the Interim Lender, in its sole discretion;

(ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "**Plan**") which has been approved

by the requisite majorities of the Borrower's creditors and by an order entered by the Court;

(iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and

(iv) May 8, 2023.

(the earliest of such dates being the "**Maturity Date**").

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date, without the Interim Lender being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan or Bankruptcy Sale shall not discharge or otherwise affect in any way any of the obligations of the Borrower to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date such Plan is implemented or Bankruptcy Sale is completed.

12. AGREED BUDGET AND REVISED BUDGETS

The Borrower has delivered, and the Interim Lender has accepted in its sole discretion, on the date hereof a current weekly line item budget covering the period of at least ninety-one (91) days following the date of this Amended and Restated Interim Financing Term Sheet (together with all updates thereto approved by the Interim Lender in their sole discretion, including the Revised Budget if approved by the Interim Lender in their sole discretion, the "**Agreed Budget**"). The Agreed Budget sets forth expected receipts and the expected operating and other expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Tuesday of each week by 5:00 p.m. (Vancouver time) the Borrower shall deliver to the Interim Lender: (a) a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period, and (b) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Interim Lender in its sole discretion (if so approved by the Interim Lender, the "**Revised Budget**").

13. AVAILABILITY UNDER INTERIM FACILITY

Provided that the Funding Conditions are satisfied to the satisfaction of the Interim Lender, each Interim Advance shall be made separately by the Interim Lender to the Borrower within two (2) Business Days of delivery by the Borrower to the Interim Lender of a written request for an Interim Advance, substantially

in the form attached hereto as Schedule A. Each Interim Advance shall be in a minimum aggregate amount that is no less than \$100,000 and in excess thereof in integral multiples of \$50,000. All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit Account shall be subject to the Interim Lender Charge.

14. EVIDENCE OF INDEBTEDNESS

The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.

15. VOLUNTARY PREPAYMENTS AND MANDATORY PREPAYMENTS

Provided the Monitor is satisfied that there are sufficient cash reserves in the Borrower's bank accounts to satisfy amounts secured by the Permitted Priority Liens and amounts anticipated on the date of the voluntary prepayment under the Agreed Budget in respect of which Interim Advances were made that have not yet been incurred or paid, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the Interim Facility at any time prior to the Maturity Date with at least two Business Days' prior notice and provided that any such prepayment is not less than \$50,000 and in excess thereof in integral multiples of \$25,000. Any amounts prepaid cannot be re-borrowed.

Unless otherwise consented to in writing by the Interim Lender, and provided the Monitor is satisfied that the Borrower has sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens, the Interim Facility Obligations shall be promptly repaid upon:

(i) a sale of any of the Collateral and consented to in writing by the Interim Lender, in an amount equal to the cash proceeds of such sale (net of reasonable transaction fees and applicable taxes in respect thereof approved by the Interim Lender, in its sole discretion); or

(ii) the issuance of any shares, warrants or other equity interests or rights to acquire equity interests of the Borrower, in an amount equal to the cash proceeds of such sale (net of reasonable transaction fees and applicable taxes in respect thereof approved by the Interim Lender, in its sole discretion).

Any amount repaid may not be re-borrowed.

16. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Interim Lender, which representations and warranties shall be deemed to be repeated at each request for an Interim Advance, and upon which the Interim Lender rely on entering into this Amended and Restated Interim Financing Term Sheet, that:

- (a) Subject to the Court granting an order approving this Amended and Restated Interim Financing Term Sheet, the execution and delivery of, and transactions contemplated by, this Amended and Restated Interim Financing Term Sheet:
- (i) are within the powers of the Borrower;
 - (ii) have been duly authorized by all necessary approvals;
 - (iii) have been duly executed and delivered by or on behalf of Borrower;
 - (iv) constitute legal, valid and binding obligations of the Borrower;
 - (v) do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Authority.
- (b) The activities of the Borrower have been conducted in compliance with all Applicable Law, subject to the provisions of the CCAA and any Court Order, unless: (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Court Order.
- (c) The Borrower has maintained its obligations for payroll, source deductions, goods and services tax and harmonized sales tax, and other taxes, as applicable, and is not in arrears in respect of payment of these obligations.
- (d) The Agreed Budget is reasonable and prepared in good faith and based on reasonable assumptions.
- (e) No Default or Event of Default has occurred and is continuing.
- (f) The Borrower has made full and complete disclosure in writing to the Interim Lender of:
- (i) all litigation or other proceedings involving the Borrower; and
 - (ii) all claims and/or threatened claims, litigation or proceedings against the Borrower.

17. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees to perform and do each of the following until the Interim Financing Obligations are permanently, unconditionally and indefeasibly repaid in full and the Interim Facility is terminated:

- (a) provide the Interim Lender and its advisors, on reasonable notice and during normal business hours, full access to the books and records of the Borrower;
- (b) cause management of the Borrower to fully cooperate with the Interim Lender and the Monitor and their respective agents and advisors, as applicable;
- (c) allow the Interim Lender and its advisors, on reasonable notice during regular business hours, to enter on and inspect the Borrower's assets and properties;
- (d) keep the Interim Lender and the Monitor apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower;
- (e) Deliver to the Interim Lender:
 - (i) documents referred to in Section 12 above, on the dates and times specified in Section 12;
 - (ii) copies of all pleadings, motions, applications, judicial or financial information and other documents to be filed by or on behalf of the Borrower with the Court, at least three (3) Business Days prior to the date on which such material is filed, unless it is not practical in the circumstances to provide such materials on such timing in which case the Borrower shall provide such material as far in advance as the circumstances permit; all such court filings by the Borrower shall be in form and substance satisfactory to the Interim Lender to the extent that any such filings affect or can reasonably be expected to affect the rights and interests of the Interim Lender;
 - (iii) prompt notice of material events, including, without limitation, defaults, new litigation or changes in status of ongoing litigation, regulatory and other filings;

(iv) other information requested by the Interim Lender from time to time;

(v) prompt notice of any event that could reasonably be expected to result in a Material Adverse Change;

(vi) copies of all material communications received from existing or prospective clients; and

(vii) without limiting the foregoing, in a timely manner and prior to effecting or incurring such transaction or expense, the Borrower shall deliver to the Monitor and the Interim Lender copies of any financial reporting which shows a transaction or material expense, or an adverse financial position of the Borrower, which is not reflected in the Agreed Budget, and shall forthwith provide any reports or commentary received from the Monitor in respect of same;

- (f) Use the proceeds of the Interim Facility only for the purposes described in Section 4, and in a manner consistent with the restrictions set out herein;
- (g) Comply with the provisions of the Court orders made in the CCAA Proceedings (collectively, the "Court Orders" and each a "Court Order");
- (h) Conduct all activities in a manner consistent with the Agreed Budget;
- (i) Forthwith notify the Interim Lender and the Monitor of the occurrence of any Default or Event of Default;
- (j) Comply with all Applicable Law except to the extent not required to do so pursuant to the Initial Order or any other Court Order;
- (k) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating not expressly consented to in writing in advance by the Interim Lender (i) in its sole discretion in respect of any appeal, reversal, modification, amendment stay or vacating relating to the Interim Facility or any other matter that adversely affects the Interim Lender, and (ii) acting reasonably in respect of any other appeal,

reversal, modification, amendment, stay or vacating;

- (l) Promptly upon becoming aware thereof, provide details of the following to the Interim Lender: any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Borrower, by or before any court, tribunal, Governmental Authority or regulatory body, which would be reasonably likely to result in, individually or in the aggregate, in a judgment in excess of \$250,000 or the equivalent amount thereof in any other currency; and
- (m) Provide to the Interim Lender regular updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan or Restructuring Option and any information which may otherwise be confidential, subject to same being maintained as confidential by the Interim Lender; provided however, in no event shall any information subject to privilege be required to be provided to the Interim Lender.

18. NEGATIVE COVENANTS

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- (a) Transfer, lease, farm-out or otherwise dispose of all or any part of its property, assets or undertaking, except with the prior written consent of the Interim Lender.
- (b) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.
- (c) Make any payments or distributions of any kind other than as may be permitted by a Court Order and that does not result in an Event of Default and is provided for in the Agreed Budget.
- (d) Create or permit to exist indebtedness, liabilities or obligations other than (i) existing (pre-filing) debt and disclosed to the Interim Lender in writing prior to the date of the Interim Financing Term Sheet, (ii) debt contemplated by this Amended and Restated Interim Financing Term Sheet, (iii) post-filing trade payables or other

post-filing unsecured obligations incurred in the ordinary course of business in accordance with the Agreed Budget and any Court Order, and (iv) indebtedness, liabilities or obligations expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

- (e) Make or give any additional financial assurances, in the form of bonds, letters of credit, guarantees or otherwise, to any person including without limitation any Governmental Authority.
- (f) Support or not oppose a motion by another Person to provide to any third party a Lien on the Collateral, other than the Permitted Liens.
- (g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
- (h) Other than transitioning to and entering a state of care and maintenance, cease (or threaten to cease) to carry on its business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted.
- (i) Amend, replace or modify the Agreed Budget other than in accordance with the terms of this Amended and Restated Interim Financing Term Sheet.
- (j) Apply for, or consent to, any Court Orders or any change or amendment to any Court Order which affects the Interim Lender, without the prior consent of the Interim Lender.
- (k) Enter into any contract or other agreement which involves potential expenditures in excess of \$200,000 or the equivalent amount thereof in any other currency without the prior written consent of the Interim Lender, provided that the payment of such amount must be permitted by and will not constitute a default under the Agreed Budget or any Court Order.
- (l) Make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any

payment of principal, interest, fees or any other payments thereon).

- (m) (i) Enter into, renew, amend or modify any transaction or contractual relationship with any related party or other Person; or (ii) make any payment with respect to, or perform any obligation under, an agreement with a related party or other Person other than in accordance with the Agreed Budget.
- (n) Enter into, renew, amend, modify or assume any employment, consulting or analogous agreement, key employee retention plan or other arrangement with or for the benefit of any director, senior or executive officer or senior management of the Borrower, any related party or other Person, or make any payment in respect of any bonus, change of control payment or severance package of any kind whatsoever other than (i) as consented to by the Monitor and approved by the Court on prior notice to the Interim Lender or (ii) as consented to by the Interim Lender, in its sole discretion.
- (o) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as reflected in the Agreed Budget.
- (p) Other than the Monitor, its legal counsel and legal counsel to the Borrower, and the Interim Lender engaged as of the date hereof, pay, incur any obligation to pay, or establish any retainer with respect to, the fees, expenses or disbursements of a legal, financial or other advisor of any party, unless such fees, expenses or disbursements, as applicable, are reviewed and approved in advance by the Monitor and the Interim Lender, in its sole discretion.
- (q) The Borrower shall not agree to or consent to any Liens over the Collateral, except for Permitted Liens.
- (r) Make any payments or expenditures (including capital expenditures) other than in accordance with the Agreed Budget.
- (s) Seek, obtain or support (i) any Court Order or any amendment to a Court Order except with the prior written consent of the Interim Lender, (x) in its sole discretion in respect of any Court

Order or amendment thereto relating to the Interim Facility, or any other matter that adversely affects the Interim Lender and (y) acting reasonably in respect of any other Court Order or amendment thereto.

- (t) Amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change its corporate or capital structure (including its organizational documents) or enter into any agreement committing to such actions except in connection with a Plan which will result in the repayment in full of all of the Interim Facility Obligations.

19. EVENTS OF DEFAULT

The occurrence of any one or more of the following events without the Interim Lender's written consent shall constitute an event of default ("**Event of Default**") under this Amended and Restated Interim Financing Term Sheet:

- (a) the issuance of an order of the Court (including any Court Order) or any other court of competent jurisdiction:
 - (i) dismissing the CCAA Proceedings, or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien, judgment or execution against the Borrower, or any of its property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against the Borrower; granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens; or
 - (ii) staying, reversing, vacating or otherwise modifying any Court Order without the prior consent of the Interim Lender (i) in the sole discretion of the Interim Lender in respect of any Court Order or amendment thereto relating to the Interim Facility or any other matter that adversely affects the Interim Lender and (ii) acting reasonably in respect of any other amendment;
- (b) the filing of any pleading by the Borrower seeking any of the matters set forth in

paragraph (a) above, or failure of the Borrower to diligently oppose any Person that brings an application or motion for the relief set out in paragraph (a) above;

- (c) failure of the Borrower to comply with (i) any of the negative covenants in this Amended and Restated Interim Financing Term Sheet or (ii) any of the positive covenants in this Amended and Restated Interim Financing Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of three (3) Business Days;
- (d) any Revised Budget is not delivered to the Interim Lender when due;
- (e) (i) any Revised Budget (A) contemplates or forecasts an adverse change or changes from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (B) contemplates or forecasts a cash flow deficit in excess of \$500,000 or the equivalent amount thereof in any other currency or (ii) there shall exist an overall negative expense variance in excess of the greater of 15% or \$100,000 in the then current Agreed Budget;
- (f) the occurrence of a Material Adverse Change as determined by the Interim Lender, in its sole discretion;
- (g) any representation or warranty by the Borrower in this Amended and Restated Interim Financing Term Sheet is incorrect or misleading in any material respect;
- (h) the aggregate amount of the outstanding Interim Advances under the Interim Facility exceeds the Maximum Amount;
- (i) any violation or breach of any Court Order;
- (j) any proceeding, motion or application is commenced or filed by the Borrower, or if commenced by another party, supported, otherwise consented to, or not opposed, by the Borrower, (i) seeking the invalidation, subordination or other challenging of or is otherwise inconsistent with the terms of the Interim Facility, including without limitation the Interim Lender Charge or this Amended and

Restated Interim Financing Term Sheet; (ii) challenging the validity, priority, perfection or enforceability of the Liens created pursuant to the Interim Lender Charge; (iii) unless the Plan, Restructuring Option or Bankruptcy Sale provides for repayment in full of the Interim Facility Obligations, seeking the approval of, or consenting to, or not opposing, any Plan, Restructuring Option or Bankruptcy Sale which does not have the prior consent of the Interim Lender; (iv) could otherwise reasonably be expected to adversely affect the interests of the Interim Lender; or (v) seeks to vary the priority of the Liens created pursuant to the Interim Lender Charge without the consent of the Interim Lender or sanctioning any Plan or any Bankruptcy Sale is consummated by the Borrower that is not consistent with or contravenes any provision of this Amended and Restated Interim Financing Term Sheet, in a manner that is adverse to the interests of the Interim Lender, as determined by the Interim Lender, or could be expected to materially adversely affect the interests of the Interim Lender, as determined by the Interim Lender, unless the Interim Lender has consented thereto;

- (k) failure of the Borrower to pay any amount owing under this Amended and Restated Interim Financing Term Sheet when due;
- (l) failure of the Borrower to pay (i) interest or any portion thereof owing under this Term Sheet when due, or (ii) legal or other advisory fees and expenses of the Interim Lender within seven (7) days after receipt by the Borrower of an invoice for such fees;
- (m) the Borrower commences (or threatens to commence) an action or takes (or threatens to take) any other proceeding to obtain any form of relief against the Interim Lender;
- (n) the expiry without further extension of the stay of proceedings provided for in the Initial Order;
- (o) the Borrower ceases (or threatens to cease) to carry on business as currently operated (the transitioning to and entering a state of care and maintenance being permitted), except where such cessation occurs in connection with a Plan

or Bankruptcy Sale which otherwise satisfies the terms and conditions contained herein; or

- (p) the denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Amended and Restated Interim Financing Term Sheet.

20. REMEDIES

Upon the occurrence of an Event of Default and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate its commitments to make Interim Advances to the Borrower hereunder and declare all Interim Financing Obligations in respect of this Amended and Restated Interim Financing Term Sheet to be immediately due and payable and cease to make any further Interim Advances.

In addition, upon the occurrence of an Event of Default, the Interim Lender may, in its sole discretion, on not less than 5 Business Days' notice to the Borrower and Monitor, and subject to any Court Order:

- (b) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral to substitute the Monitor and/or enhance any powers of the Monitor, or for the appointment of a trustee in bankruptcy of the Borrower;
- (c) set-off or combine any amounts then owing by the Interim Lender (or any one or more of them) to the Borrower against the obligations of the Borrower to the Interim Lender hereunder;
- (d) apply to the Court for an order or orders, on terms satisfactory to the Monitor and the Interim Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings;
- (e) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Acts of British Columbia and/or Ontario* or any other Applicable Law relating to the enforcement of Liens by secured creditors against any types of property and for certainty including the Collateral; and
- (f) subject to obtaining prior approval from the Court, exercise all such other rights and

remedies under, the Court Orders and Applicable Law.

The rights and remedies of the Interim Lender under this Amended and Restated Interim Financing Term Sheet are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, including under the CCAA or any other Applicable Law.

21. AMENDMENTS, WAIVERS, ETC.

No amendment or waiver of any provisions of this Amended and Restated Interim Financing Term Sheet or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by the Interim Lender (and in the case of amendments, the Borrower). Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. Upon the occurrence of an Event of Default and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate its commitments to make Interim Advances to the Borrower hereunder and declare all Interim Financing Obligations in respect of this Amended and Restated Interim Financing Term Sheet to be immediately due and payable and cease making any further Interim Advances, whereupon such commitment will immediately be terminated and all Interim Financing Obligations will be immediately due and payable.

22. COUNTERPARTS AND FACSIMILE SIGNATURES

This Amended and Restated Interim Financing Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Amended and Restated Interim Financing Term Sheet can be executed and delivered by any manner of direct electronic transmission including without limitation "pdf email" or "DocuSign", each of which shall be deemed to be an original hereof.

23. CONFIDENTIALITY

This Amended and Restated Interim Financing Term Sheet is delivered on the condition that each of the Borrower and its affiliates shall not disclose such documents or the substance of the financing arrangements proposed therein to any person or entity outside of their respective organizations, except to those professional advisors who are in a confidential relationship with them and as required in connection with any court filing in the CCAA Proceedings.

24. FURTHER ASSURANCES

Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby and thereby.

- 25. TIME IS OF THE ESSENCE** Time is of the essence in this Amended and Restated Interim Financing Term Sheet and the Interim Facility and all transactions contemplated thereby.
- 26. ENTIRE AGREEMENT** This Term Sheet constitutes the entire agreement between the parties hereto pertaining to the matters therein set forth and supersedes and replaces all prior understandings and arrangements pertaining to the Interim Facility. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth herein or in the Interim Financing Loan Documentation.
- 27. SEVERABILITY** Each of the provisions contained in this Amended and Restated Interim Financing Term Sheet is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.
- 28. GOVERNING LAW** This Amended and Restated Interim Financing Term Sheet shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender to enforce this Amended and Restated Interim Financing Term Sheet in any other proper jurisdiction, the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

Continued on next page.

29. NOTICES

Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission, including email, pdf email or "DocuSign" to such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 Pacific Time or on a day other than a Business Day, in which case such notice, request, consent, waiver or other communication shall be deemed to be received on the next following Business Day.

IN WITNESS WHEREOF the parties hereto have executed this Term Sheet.

BORROWER:

Address: Suite 1900 – 1055 West Hastings,
Vancouver, British Columbia

PURE GOLD MINING INC.

Attention: Mark O'Dea, President & Chief Executive Officer
Email: modea@oxygen-capitalcorp.com

By: 

Name: Mark O'Dea
Title: President and Chief Executive Officer

With a copy to: Chris Haubrich, Chief Financial Officer
Email: chaubrich@puregoldmining.ca

INTERIM LENDER:

Address:
200 Bay Street, Suite 2600
Toronto ON, M5J 2J1

**SPROTT RESOURCE LENDING CORP. in its capacity as
General Partner of SPROTT PRIVATE RESOURCE LENDING II
(COLLECTOR), LP**

Attention: Jim Grosdanis
Email: jgrosdanis@sprott.com

By: 

Name: Jim Grosdanis
Title: Managing Partner

SCHEDULE A

DEFINED TERMS

"Administration Charge" means the administration charge on the Collateral in an aggregate amount not to exceed \$750,000.

"Applicable Law" means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation, save and except any reporting issuer obligations applicable to the Borrower, which shall be complied with to the extent practicable and within the Agreed Budget.

"Bankruptcy Sale" means the sale of all or substantially all of the assets of the Borrower pursuant to a sale approved by the Court.

"Business Day" means a day, excluding Saturday and Sunday, on which banks are generally open for business in the Province of British Columbia.

"Collateral" means all present and future assets and property of the Borrower, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired.

"DIP Order" means the Court Orders dated October 31, 2022 and November 9, 2022 issued by the Honourable Justice Walker of the Supreme Court of British Columbia in connection with the CCAA Proceedings.

"D&O Charge" means the directors and officers' charge on the Collateral in the amount set out in the Court Order(s) granting (or amending) the D&O Charge (which Court Orders and D&O Charge amount shall have been agreed to by the Interim Lender in advance);

"Default" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"Deposit Account" means the account(s) maintained by the Borrower to which payments and transfers under the Amended and Restated Interim Financing Term Sheet are to be deposited, which are specified in writing by the Borrower to the Interim Lender or such other account or accounts as the Borrower may from time to time designate by written notice to the Interim Lender.

"Governmental Authority" means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

"Initial Order" is the initial order dated October 31, 2022 issued by the Honourable Justice Walker of the Supreme Court of British Columbia in connection with the Borrower's CCAA application

"Interest Payment Date" means the first day of each month in respect of the immediately preceding month; provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

“Interim Financing Term Sheet” means the interim financing term sheet dated October 30, 2022 between Pure Gold Mining Inc., as the Borrower, and Sprott Private Resource Lending II (Collector), LP, as the Interim Lender.

“Interim Facility Obligations” means all of the present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured of the Borrower to the Lender, under, pursuant to or in connection with this Amended and Restated Interim Financing Term Sheet, interest, fees, indemnities, costs and expenses owing hereunder and thereunder.

“Interim Financing Loan Documentation” means this Amended and Restated Interim Financing Term Sheet and all other documents now or hereafter delivered by the Borrower or Lender pursuant to or in connection with this Amended and Restated Interim Financing Term Sheet and designated as an Interim Financing Loan Document by the Borrower and the Lender.

“Liens” means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;

“Material Adverse Change” means any event, circumstance, occurrence or change which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change (and for certainty including a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse change) in:

- (a) the ability of the Borrower to timely and fully perform any obligation under this Amended and Restated Interim Financing Term Sheet or any Court Order, or the ability of the Borrower to carry out a Plan or Restructuring Option;
- (b) the validity or enforceability of any of the Interim Lender Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Interim Lender under or pursuant to such Interim Lender Charge;
- (c) the rights and remedies of the Interim Lender under this Amended and Restated Interim Financing Term Sheet;
- (d) the business, prospects, operations, assets, condition (financial or otherwise) or results of operations of the Borrower, including without limitation a material adverse qualification (other than a “going concern” qualification resulting from the CCAA proceedings);
- (e) any adverse misstatement of the financial statements of the Borrower;
- (f) the ability of the Borrower to carry on its business as conducted as of the date of this Amended and Restated Interim Financing Term Sheet (the transitioning to and entering a state of care and maintenance being permitted); or
- (g) the Collateral.

“Permitted Liens” means (i) the Interim Lender Charge; (ii) any charges created under the DIP Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender as confirmed in writing by the Interim Lender and for certainty, including the D&O Charge; (iii) valid and perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising in the ordinary course of business, provided all such amounts are paid as and when due; and (v) the Permitted Priority Liens.

"Permitted Priority Liens" means: (a) the Administration Charge; (b) the D&O Charge; (c) statutory super-priority Liens for unpaid employee source deductions to the extent they are given first priority over other Liens by Applicable Law; (d) Liens for unpaid municipal or county property taxes or utilities to the extent that they are given first priority over other Liens by Applicable Law; and (e) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, except as expressly set forth herein, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be **"Permitted Priority Liens"**.

"Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Restructuring Option" means any transaction involving the refinancing of the Borrower, the sale of all or substantially all of the assets of the Borrower or any other restructuring of the Borrower's businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower.

**SCHEDULE B
REQUEST FOR ADVANCE**

REQUEST FOR ADVANCE

TO: The Interim Lender

AND TO: The Monitor

DATE: _____, 202__

Dear Sirs:

The undersigned refers to the amended and restated interim financing term sheet dated as of February 28, 2023 (the "**Term Sheet**") made among Pure Gold Mining Inc. (the "**Borrower**") and the Interim Lender.

Capitalized terms used in this Request for Advance have the same meanings herein as are ascribed thereto in the Term Sheet.

2. The Borrower hereby gives you notice pursuant to the Term Sheet that the undersigned requests an Interim Advance under the Interim Facility (the "**Interim Facility Advance**") in the Term Sheet be deposited into the Deposit Account as follows:
- (a) Amount of Interim Advance requested: \$ _____
 - (b) Requested funding date: _____
 - (c) Total principal amount currently outstanding (excluding this Interim Facility Advance):
\$ _____
 - (d) Availability remaining under the Interim Facility (excluding this Interim Facility Advance):
\$ _____
3. Each of the undersigned, being _____ an officer of the Borrower, hereby certify to you for and on behalf of the Borrower (and not in his or her personal capacity) as follows:
- (a) all of the representations and warranties contained in the Term Sheet are true and correct in all respects in each case on and as of the date hereof and will be true and correct as of the date of the requested Interim Facility Advance as though made on and as of such date (unless expressly stated to be made as of a specified date);
 - (b) no Default or Event of Default has occurred and is continuing or shall result from the requested Interim Facility Advance;
 - (c) the Interim Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Facility Advance;
 - (d) the Interim Facility Advance is consistent with the Agreed Budget; and

(e) the other Borrower are in compliance with the Term Sheet and the Court Orders.

The undersigned certifies that **[he/she]** is _____ of the Borrower, and that as such **[he/she]** is authorized to execute this certificate on behalf of the Borrower. The undersigned further certifies, represents and warrants on behalf of the Borrower (and not in his or her personal capacity) that the Borrower is entitled to receive the requested Interim Advance under the terms and conditions of the Term Sheet.

PURE GOLD MINING INC.

By: _____
Name:
Title:

Tab 3



ksv advisory inc.



No. VLC-S-S-228723
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

- AND -

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

- AND -

IN THE MATTER OF THE PLAN OF COMPROMISE AND ARRANGEMENT OF
PURE GOLD MINING INC.

PETITIONER

THIRD REPORT OF KSV RESTRUCTURING INC.
AS MONITOR

March 2, 2023

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APPENDICES

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1.0 Introduction

1. Pursuant to an order (the "**Initial Order**") issued by the Supreme Court of British Columbia (the "**Court**") on October 31, 2022, as amended and restated by further order made on November 9, 2022 (the "**ARIO**"), Pure Gold Mining Inc. (the "**Company**") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and KSV Restructuring Inc. ("**KSV**") was appointed monitor of the Company (in such capacity, the "**Monitor**").
2. The principal purpose of these CCAA proceedings was to create a stabilized environment to enable the Company to secure urgently required financing and to pursue a sale and/or restructuring of its business and assets through a Court-supervised sale and investment solicitation process ("**SISP**").
3. Pursuant to the terms of the Initial Order, *inter alia*, the Court:
 - a) granted a stay of proceedings in favour of the Company and its directors and officers (the "**Initial Stay**") from October 31, 2022 to and including November 10, 2022 (the "**Initial Stay Period**");
 - b) approved an interim financing loan facility (the "**Interim Financing Facility**") in the maximum principal amount of US\$10 million to be made available by Sprott Private Resource Lending II (Collector), LP ("**Sprott**" or the "**Interim Lender**") pursuant to a term sheet dated October 30, 2022, but limited borrowings by the Company thereunder to US\$2 million;
 - c) granted charges on all of the Company's current and future assets, property and undertakings (collectively, the "**Property**") having the following priorities:
 - i. a charge in the amount of \$750,000 to secure the fees and disbursements of the Company's legal counsel and the Monitor and its legal counsel (the "**Administration Charge**");
 - ii. a charge in the amount of \$650,000 in favour of the Company's directors and officers to secure the Company's indemnity obligations to such persons (the "**D&O Charge**"); and
 - iii. a charge in favour of the Interim Lender to secure the Company's obligations to the Interim Lender in respect of advances made under the Interim Financing Facility (the "**Interim Lender's Charge**").
4. Pursuant to the terms of the ARIO, *inter alia*, the Court:
 - a) extended the Initial Stay Period to January 27, 2023 (the "**Stay Period**");
 - b) increased the amount of authorized borrowings under the Interim Financing Facility from US\$2 million to US\$10 million;

- c) approved a key employee retention plan (“**KERP**”) and a corresponding charge in the maximum amount of \$750,000 (the “**KERP Charge**”) as security for amounts payable to certain of the Company’s employees under the KERP (the “**KERP Employees**”), which ranks behind the Administration Charge, D&O Charge and the Interim Lender’s Charge;
 - d) approved the SISP;
 - e) approved an agreement dated November 1, 2022 (the “**Sales Agent Agreement**”) between the Company and National Bank Financial Inc. (“**NBF**”), in respect of NBF’s engagement as sales agent to carry out the SISP (in such capacity, the “**Sales Agent**”); and
 - f) granted a charge on the Property as security for the Sales Agent’s fees under the Sales Agent Agreement (the “**Sales Agent Charge**”), which ranks behind the Administration Charge, D&O Charge, Interim Lender’s Charge and KERP Charge.
5. Pursuant to a Court order dated January 23, 2023, the Stay Period was extended from January 27 to March 10, 2023.

1.1 Purposes of this Report

1. The purposes of this report (the “**Report**”) are to:
- a) provide the Court with an update on the Company’s and the Monitor’s activities since the Monitor’s second report to Court dated January 18, 2023 (the “**Second Report**”);
 - b) provide an update on the status of the SISP;
 - c) summarize the terms of an Amended and Restated Interim Financing Term Sheet (the “**Amended and Restated Interim Financing Facility**”), which, *inter alia*, increases the amount of authorized borrowings from US\$10 million to US\$15 million;
 - d) report on the Company’s updated cash flow projection for the period February 27 to May 8, 2023 (the “**Cash Flow Forecast**”);
 - e) discuss the rationale for extending the Stay Period from March 10 to May 8, 2023; and
 - f) provide the Monitor’s recommendations in respect of the Company’s applications for orders:
 - extending the Stay Period from March 10 to May 8, 2023; and
 - approving the Amended and Restated Interim Financing Facility, including increasing the amount of the Interim Lender’s Charge from US\$10 million to US\$15 million.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Company's unaudited financial information, books and records, information available in the public domain and discussions with the Company's management and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Company's Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

2.0 Background

1. The Company is a British Columbia corporation principally engaged in the acquisition, exploration, development and operation of Canadian precious metal properties, or interests in companies controlling mineral properties, which feature high metal grades, meaningful size and access to existing infrastructure.
2. Prior to the commencement of these proceedings, the Company's shares were traded on the TSX Venture Exchange under the symbol PGM and on the London Stock Exchange ("LSE") under the symbol PUR. On October 31, 2022, the TSX Venture Exchange (the "TSXV") advised the Company that trading of the Company's common shares would be transferred to the NEX Board of the TSXV effective at the opening of the market on November 2, 2022. The trading symbol for the Company changed from PGM to PGM.H at that time. On January 13, 2023, the Company commenced a process to have its shares delisted from the LSE.
3. The Company's principal business is the operation of its mine, which is located on approximately 4,600 hectares in the Red Lake mining district of Northwestern Ontario, just east of the Manitoba border (the "Mine"). The Mine's infrastructure includes two ramps that provide access from surface, an ore processing facility with design capacity of 800 tonnes of ore per day and tailings and rock storage facilities.
4. Effective October 24, 2022, the Company suspended active mining operations and placed the Mine on care and maintenance with a materially reduced workforce. The Mine is expected to remain on care and maintenance throughout these proceedings.

5. The Company presently has 53 employees. Prior to placing the Mine on care and maintenance on October 24, 2022, the Company had approximately 271 employees. The Company's workforce is not unionized and the Company does not maintain any registered pension plans.
6. The commencement of these proceedings by the Company was supported by Sprott, its major secured creditor, which is owed in excess of \$133 million before post-filing advances under the Interim Financing Facility (US\$10 million), which will be fully drawn upon in the coming days as the Company has submitted its final draw request of US\$1.5 million.
7. KSV's pre-filing report dated October 30, 2022 (the "**Pre-Filing Report**"), the First Report, the Second Report and the Company's affidavits sworn in these proceedings provide additional background information concerning the Company and these proceedings. Court materials filed in these proceedings are available on the Monitor's case website at <https://www.ksvadvisory.com/experience/case/pure-gold->.

3.0 Update on the Company's Activities

1. Since the date of the Second Report, the Company has, among other things:
 - a) continued to operate the Mine on a care and maintenance basis;
 - b) worked with NBF on all aspects of the SISP, including to facilitate due diligence performed by prospective purchasers by providing in the data room a study upon completion in early February, 2023 (the "**Scoping Study**"), which includes a financial analysis of the potential viability of mineral resources to be economically extracted based on reasonable assumptions of technical, engineering, legal, operating, economic, social and environmental factors and the evaluation of other relevant factors;
 - c) dealt with suppliers to secure the continued provision of goods and services, including coordinating with the Monitor to secure post-filing goods and services;
 - d) communicated with employees regarding these proceedings, including in respect of the KERF;
 - e) paid the first portion of amounts owing to employees in respect of the KERF upon completion of the Scoping Study; and
 - f) complied with its reporting obligations to the Interim Lender under the Interim Financing Facility, including providing weekly cash flow reporting.
2. The Affidavit of Chris Haubrich filed in support of the Company's application in respect of the relief addressed in this Report, as well as Mr. Haubrich's previous affidavits filed in these proceedings, provide further details regarding the Company's activities since the date of the Initial Order.

4.0 Monitor's Activities since the Second Report

1. Since the date of the Second Report, the Monitor has, among other things:
 - a) corresponded regularly with the Company's management team regarding all aspects of these proceedings;
 - b) corresponded with NBF regarding the SISP, including attending weekly video conference meetings regarding same;
 - c) assisted the Company in dealing with suppliers in connection with the ongoing supply of goods and services;
 - d) monitored the Company's receipts and disbursements, including reviewing and commenting on the Company's weekly cash flow reporting required under the Interim Financing Facility;
 - e) worked with Fasken Martineau DuMoulin LLP (the Monitor's legal counsel), Blake Cassels & Graydon LLP (the Company's legal counsel) and DLA Piper (Canada) LLP (Sprott's legal counsel) regarding various matters relating to these proceedings, including the SISP;
 - f) reviewed and commented on the Company's materials filed in support of the applications to be heard on March 7, 2023; and
 - g) prepared this Report.

5.0 SISP

1. As discussed in the Second Report, since the granting of the order approving the SISP on November 9, 2022, NBF has been working with the Company to carry out the SISP, under the supervision of the Monitor.
2. As detailed in the Second Report, the SISP contemplates the following milestones and timelines:

Milestone	Deadline
SISP Commencement Date	November 10, 2022
Deadline (the "LOI Deadline") for submission of Letter(s) of Intent ("LOIs")	December 19, 2022
Final Bid Process Commencement Date	December 20, 2022
Final Bid Deadline	February 6, 2023
Final Agreement Deadline	February 21, 2023
Outside Closing Date	March 10, 2023

3. As of the date of this Report, the Company, with the assistance of NBF, is continuing to facilitate due diligence with several Potential Bidders (as defined in the SISP).

4. As set out in the Second Report, as no acceptable bids were submitted by the LOI Deadline, the parties have agreed that Sprott is entitled to have discussions directly with Potential Bidders regarding a transaction concerning the Company and/or its assets, whether in the context of the SISP or otherwise. Sprott is actively doing so. In the context of any such discussions, Sprott remains bound by the confidentiality provisions of the SISP, including specifically paragraph 13 thereof. Depending on the level of interest expressed by the Potential Bidders, the Company and Sprott will consider whether to terminate or seek to amend the SISP, including extending the relevant deadlines thereunder. If the SISP is formally terminated or amended, the Monitor will provide notice of same to the Service List maintained by the Monitor.

6.0 The Amended and Restated Interim Financing Facility

1. The terms of the Interim Financing Facility were provided in the Pre-Filing Report and the First Haubrich Affidavit, and accordingly, are not repeated in this Report.
2. The Company's cash flows filed with the Court in these proceedings reflect that the amount available under the Interim Financing Facility (US\$10 million) would be sufficient to operate until on or around March 10, 2023. To date, the Company's performance has been better than forecasted in the cash flows filed with the Court. A summary of the Company's budget-to-actual performance is provided below.

(unaudited; C\$000s)	Actual	Projected ¹	Variance	Variance %
Receipts				
Revenue – gold sales	2,487	1,326	1,161	88%
HST Refund	1,065	262	803	307%
	<u>3,552</u>	<u>1,588</u>	<u>1,965</u>	<u>124%</u>
Disbursements				
Site-Related Disbursements	(10,467)	(10,568)	101	1%
Consulting costs re Scoping Study	(223)	(1,450)	1,227	85%
Financial Advisory	(630)	(758)	128	17%
Professional Fees	(848)	(1,450)	602	42%
KERP	(188)	(188)	-	-
Corporate G&A Expense	(1,394)	(1,335)	(59)	-4%
DIP Lender interest	(223)	(305)	83	27%
Contingency	-	(850)	850	100%
Net Cash Flow	<u>(10,420)</u>	<u>(15,316)</u>	<u>4,896</u>	<u>32%</u>

3. The Company has worked with the Interim Lender to negotiate the Amended and Restated Interim Financing Facility. The only material amendment between the Interim Financing Facility and the Amended and Restated Interim Financing Facility is to increase the maximum available borrowings from US\$10 million to US\$15 million. A copy of the Amended and Restated Interim Financing Facility is attached to Mr. Haubrich's affidavit filed in support of the Company's application.

¹ The projected column reflects cumulative receipts (disbursements) from the cash flow filed with the Court for the period ended January 27, 2023, combined with four additional weeks from the cash flow filed with the Court for the period ended March 10, 2023.

4. The Monitor is of the view that the Amended and Restated Interim Financing Facility is reasonable and appropriate for the following reasons:
 - a) the Cash Flow Forecast reflects that the Company will require the additional financing available under the Amended and Restated Interim Financing Facility, subject to Court approval;
 - b) the terms of the Amended and Restated Interim Financing Facility are reasonable for the same reasons the Monitor supported the Interim Financing Facility, as set out in the Pre-Filing Report. The Monitor was involved in the negotiation of the Amended and Restated Interim Financing Facility, including reviewing drafts thereof; and
 - c) without the additional liquidity available under the Amended and Restated Interim Financing Facility, the Company will not have the funding it requires to keep the Mine on care and maintenance and/or to fund these proceedings until a transaction or restructuring can be completed.

7.0 Cash Flow Forecast

1. The Cash Flow Forecast for the period February 27 to May 8, 2023 and the Company's statutory report thereon pursuant to Section 10(2)(b) of the CCAA are attached hereto as Appendix "A".
2. The Cash Flow Forecast reflects that the Company is projected to require funding of up to an additional US\$5 million to continue the status quo until May 8, 2023. Subject to Court approval, the Interim Lender has agreed to provide this additional funding under the Amended and Restated Interim Financing Facility.
3. Based on the Monitor's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached hereto as Appendix "B".

8.0 Stay Extension

1. The Stay currently expires on March 10, 2023. The Company is requesting an extension of the Stay Period until May 8, 2023.
2. The Monitor supports the Stay extension for the following reasons, among others:
 - a) the Company is acting in good faith and with due diligence to advance its restructuring;
 - b) an extension of the Stay Period will allow the Company and Spratt to continue discussions with Potential Bidders and in relation to the continuation of the SISP, which is in the interests of the Company and its stakeholders;
 - c) the Monitor does not believe that any creditor will be materially prejudiced if the extension is granted;

- d) Sprott, as Interim Lender and the largest secured creditor, is supportive of the extension being sought; and
- e) subject to Court approval of the Amended and Restated Interim Financing Facility, the Company is projected to have sufficient liquidity to fund its operations and the costs of these proceedings until May 8, 2023, as reflected in the Cash Flow Forecast.

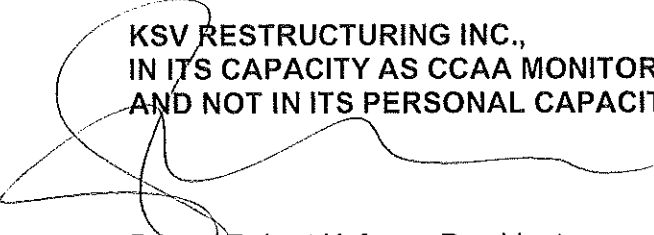
9.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the relief sought by the Company.

* * *

All of which is respectfully submitted,

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS CCAA MONITOR OF PURE GOLD MINING INC.
AND NOT IN ITS PERSONAL CAPACITY**



Per. Robert Kofman, President

Appendix "A"

Pure Gold Mining Inc.
Weekly Cash Flow Projection
\$CAD thousands

Week Ending Date	Notes	3-Mar-23	10-Mar-23	17-Mar-23	24-Mar-23	31-Mar-23	7-Apr-23	14-Apr-23	21-Apr-23	28-Apr-23	5-May-23	8-May-23	Total
Receipts													
DIP Advances		2,040	-	-	2,040	-	2,040	-	-	2,720	-	-	8,840
Revenue - gold sales		-	-	-	-	-	-	-	-	-	-	-	-
GST receivable	2	135	-	-	-	-	189	-	-	-	205	-	528
Total Receipts		2,175	-	-	2,040	-	2,229	-	-	2,720	205	-	9,368
Site-Related Disbursements													
Workforce Labour costs	3	(282)	(324)	(136)	(200)	(75)	(200)	(199)	(200)	(136)	(200)	(199)	(2,151)
Non-Labour Opex + Capex	4	(415)	(201)	(441)	(222)	(348)	(617)	(226)	(256)	(244)	(310)	(283)	(3,562)
Total Site Disbursements		(697)	(525)	(578)	(422)	(423)	(817)	(424)	(456)	(380)	(510)	(481)	(5,713)
Corporate Disbursements													
Updated Life of Mine Plan	5	-	-	(327)	-	-	-	-	-	-	-	-	(327)
Financial Advisory	6	-	(158)	-	-	-	(158)	-	-	-	-	-	(315)
Professional Fees	7	-	(100)	-	-	(300)	-	-	-	(300)	-	(300)	(1,000)
KERP	8	-	-	-	-	(188)	-	-	-	-	-	-	(563)
Corporate G&A expense	9	(201)	-	(116)	(41)	(232)	-	(85)	-	(147)	-	(75)	(896)
DIP Interest	10	(143)	-	-	-	-	(194)	-	-	(220)	-	-	(557)
Total Corporate Disbursements		(344)	(258)	(442)	(41)	(719)	(352)	(85)	(85)	(667)	-	(750)	(3,657)
Contingency		(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(550)
Net Weekly Cash Flow		1,084	(833)	(1,070)	1,527	(1,193)	1,011	(559)	(506)	1,623	(355)	(1,282)	(553)
Cash Balance													
Opening Cash Balance		1,338	2,422	1,589	519	2,047	854	1,864	1,305	799	2,423	2,067	1,338
Net Cash Flow		1,084	(833)	(1,070)	1,527	(1,193)	1,011	(559)	(506)	1,623	(355)	(1,282)	(553)
FX movement		-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance		2,422	1,589	519	2,047	854	1,864	1,305	799	2,423	2,067	785	785

Pure Gold Mining Inc. (the "Petitioner")
Notes to Projected Statement of Cash Flow
For the Period Ending May 8, 2023
(Unaudited; \$CAD in 000's)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Petitioner for the period February 27, 2023 to May 8, 2023 (the "Period") in respect of the proceedings under the *Companies' Creditors Arrangement Act* ("CCAA").

The cash flow projection has been prepared based on most probable assumptions.

Hypothetical Assumptions

None.

Probable Assumptions

2. Management has assumed HST/GST refunds for post CCAA filing operating expenses only.
3. Workforce labour is assumed to include the employees required for care and maintenance activities at the Petitioner's Red Lake Mine, paid on a semi-monthly basis at current run rates.
4. Non-Labour Opex + Capex are based on minimum expenditures required for care and maintenance operations, including water treatment costs, environmental monitoring activities, utilities, maintenance and supplies.
5. Represents costs required for the Petitioner to complete its Scoping Study.
6. Represents the fees of NBF in its capacity as Sales Agent under the SISP. The final work fee is payable in April, 2023.
7. Professional fees include the fees and disbursements of the Petitioner's legal counsel, the Interim Lender's legal counsel, the Monitor and the Monitor's legal counsel.
8. Represents the portion of the proposed key employee retention plan payable during the Period.
9. Corporate G&A expense includes monthly payroll for the Company's corporate office, as well as office rent, insurance premiums and administration expenditures.
10. Reflects interest payments on the Court-approved Interim Financing Facility.

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c.C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PURE GOLD MINING INC.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Pure Gold Mining (the "Petitioner") have developed the assumptions and prepared the attached statement of projected cash flow as of the 1st day of March, 2023 for the period February 27, 2023 to May 8, 2023 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

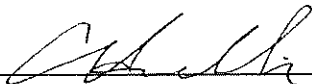
The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual events will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Vancouver, British Columbia this 1st day of March, 2023.

Pure Gold Mining Inc.



Per: Chris Haubrich, Chief Financial Officer

Appendix “B”

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PURE GOLD MINING INC.**

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Pure Gold Mining (the "Petitioner"), as of the 1st day March, 2023, consists of a weekly projected cash flow statement for the period February 27, 2023 to May 8, 2023 ("Cash Flow") which has been prepared by the management of the Petitioner for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Petitioner. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Petitioner or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 1st day of March, 2023.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
PURE GOLD MINING INC.
AND NOT IN ITS PERSONAL CAPACITY**

Tab 4

USD \$~~10,000,000~~ 15,000,000
AMENDED AND RESTATED
INTERIM FINANCING TERM SHEET

Dated: ~~October 30~~ February 28, 2022 2023

WHEREAS the Borrower (as defined below) ~~will make~~ has made an application before the Supreme Court of British Columbia (the “**Court**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”);

AND WHEREAS the Borrower ~~has~~ and the Interim Lender (as defined below) entered into the Interim Financing Term Sheet whereby the Borrower requested that the Interim Lender (~~as defined below~~) provide financing of up to US \$10,000,000 in accordance with the terms and conditions set forth ~~herein~~ therein to fund certain cash requirements of the Borrower during the pendency of the Borrower’s proceedings under the CCAA (the “**CCAA Proceedings**”);

AND WHEREAS the Interim Lender has advanced the principal amount of US \$10,000,000 pursuant to the Interim Financing Term Sheet;

AND WHEREAS the Borrower has requested that the Borrower and the Lender amend and restate the Interim Financing Term Sheet to, amongst others, increase the amount of the financing to be provided by the Interim Lender to up to the principal amount of US \$15,000,000 (in aggregate);

AND WHEREAS the Interim Lender and Borrower have agreed to amend and restate the Interim Financing Term Sheet on the terms and conditions set out herein (the “**Amended and Restated Interim Financing Term Sheet**”).

NOW THEREFORE, the parties, for good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged by each of the parties hereto), agree as follows:

- 1. BORROWER** Pure Gold Mining Inc. (the “**Borrower**”).
- 2. LENDER** Sprott Private Resource Lending II (Collector), LP (the “**Interim Lender**”).
- 3. DEFINED TERMS** Capitalized terms used in this Amended and Restated Interim Financing Term Sheet (~~also referred to herein as “**this Term Sheet**”~~) not otherwise defined herein shall have the meanings given thereto in **Schedule A**.
- 4. PURPOSE**

The Borrower shall use the proceeds of the Interim Facility solely for the following purposes and in the following order, in each case during and for the purposes of the Borrower’s pursuit of the CCAA Proceedings:

 - (a) To fund professional fees, including fees of the Monitor (as that term is defined below) and the legal fees of counsel to the Interim Lender, the Borrower and the Monitor. It is agreed to and acknowledged by the Borrower and the Interim Lender that those fees and expenses incurred to the date hereof, as and including those provided

for in the Agreed Budget as of the date hereof are reasonable and can be funded from the Interim Facility.

- (b) To fund the payment of interest and other amounts payable under the Interim Facility under this [Amended and Restated](#) Interim Financing Term Sheet in accordance with the terms hereof.
- (c) To finance only (i) agreed operating expenses of the Borrower, (ii) restructuring costs in the CCAA Proceedings, and (iii) agreed general corporate purposes of the Borrower including the payment of insurance costs, in each case and all in accordance with the Agreed Budget ([as defined below](#)).
- (d) To fund such other costs and expenses as agreed to by the Interim Lender, in writing and consented to by the Monitor.

For greater certainty, the Borrower may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Borrower without the prior written consent of the Interim Lender and the Monitor; it being agreed by the Interim Lender that such consent is not required for the Borrower to pay (i) fees and disbursements for the pre-filing period incurred in contemplation of the CCAA Proceedings owing to counsel to the Borrower, the Monitor and counsel to the Monitor; (ii) taxes, accrued payroll and other ordinary course liabilities, provided that such amounts are included in the Agreed Budget; or (iii) any other amounts owing by the Borrower to the extent specifically identified in the Agreed Budget.

5. INTERIM FACILITY, MAXIMUM AMOUNT

A super-priority, debtor-in-possession interim, non-revolving credit facility (the “**Interim Facility**”) up to a maximum principal amount of ~~USD-US \$10,000,000~~ 15,000,000 (the “**Maximum Amount**”), subject to the terms and conditions contained herein. Advances under the Interim Facility (collectively the “**Interim Advances**” and individually an “**Interim Advance**”) shall be deposited into the Deposit Account and utilized by the Borrower in accordance with the Agreed Budget and the terms hereof.

6. INTEREST RATE

The Interim Advances shall bear interest at a rate per annum equal to 15.00%. Such interest shall accrue daily and shall be payable monthly in arrears on each Interest Payment Date for each Interim Advance for the period from and including the date upon which the Interim Lender advances such Interim Advance to the Borrower to and including the day such Interim Advance is repaid or paid, as the case may be, to the Interim Lender, and shall be calculated on the principal amount of each Interim Advance outstanding during such period. All interest shall be

computed on the basis of a 360-day year of twelve 30-day months, provided that, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

7. CONDITIONS PRECEDENT TO EFFECTIVENESS AND INTERIM ADVANCES

The effectiveness of this Amended and Restated Interim Financing Term Sheet and the agreement of the Interim Lender to make advances of the Interim Facility shall be subject to the satisfaction of the following conditions precedent, as determined by the Interim Lender:

- (a) The Court DIP Order shall ~~have issued an order in the CCAA Proceedings (the “DIP Order”);~~ continue (i) in full force and effect, (ii) to be satisfactory to the Interim Lender in its sole discretion, ~~on notice to such parties as are acceptable to the Interim Lender, which shall:~~ (i) (iii) to approve ~~this~~ the Interim Financing Term Sheet and the Interim Facility; ~~(ii) (iv) to~~ grant the Interim Lender a charge (the “Interim Lender Charge”) over the Property of the Borrower securing all obligations owing by the Borrower to the Interim Lender under ~~this~~ the Interim Financing Term Sheet, ~~respectively~~ (the “Interim Financing Obligations”), ~~which shall (v) to~~ have priority over all Liens other than the Permitted Priority Liens; and (iii) (vi) to treat the Interim Lender as an unaffected creditor in the CCAA Proceedings; and

- (b) ~~The Interim Lender shall have received, and accepted in its sole discretion, the Agreed Budget. The Court shall have issued an order, inter alia, approving this Amended and Restated Interim Financing Term Sheet, confirming that the Interim Lender Charge shall secure all obligations owing by the Borrower to the Interim Lender under this Amended and Restated Interim Financing Term Sheet, and such other matters as the Interim Lender may require, in each case, in the Interim Lender’s sole discretion (the “Approval Order”).~~

The ~~Making~~ making of each Interim Advance by the Interim Lender shall be further subject to the satisfaction of the following conditions precedent (collectively, the “**Funding Conditions**”) as determined by the Interim

Lender:

- (a) The ~~DIP~~Approval Order shall not have been stayed, vacated or otherwise caused to be ineffective or materially amended, restated or modified, without the consent of the Interim Lender and such ~~DIP~~Approval Order shall have become a final order not subject to appeal.
- (b) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or arrangements satisfactory to the Interim Lender shall have been made to pay such amounts.
- (c) The Borrower shall be in compliance with all orders issued in the CCAA Proceedings.
- (d) The Borrower shall have paid all statutory liens, trust and other priming government claims including, without limitation, source deductions, except, in each case, for any such amounts that are not yet due and payable or which are in dispute in which case appropriate reserves have been made.
- (e) All of the representations and warranties of the Borrower as set forth herein shall be true and accurate in all material respects.
- (f) No Default or Event of Default shall have occurred or, if applicable, shall occur as a result of the requested Interim Advance.
- (g) No Material Adverse Change shall have occurred after the date hereof.
- (h) There shall be no Liens ranking in priority to the Interim Lender Charge other than the Permitted Priority Liens.
- (i) The Interim Lender shall have received a written request for an Interim Advance from the Borrower, substantially in the form attached hereto as Schedule B, which shall be executed by a director or officer of the Borrower, and shall certify, *inter alia*, that (i) the requested Interim Advance ~~is within~~, when aggregated with all other Interim Advances outstanding at such time, does not exceed the Maximum Amount and is consistent with the Agreed Budget, and (ii) the Borrower and the other Borrower are in compliance with this Amended

[and Restated](#) Interim Financing Term Sheet and the Court Orders.

- (j) The requested Interim Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Advance.

For greater certainty, the Interim Lender shall not be obligated to make any Interim Advance or otherwise make available funds pursuant to this [Amended and Restated](#) Interim Financing Term Sheet unless and until all the foregoing applicable conditions have been satisfied, or waived by the Interim Lender, and all the foregoing applicable documentation and confirmations have been obtained (for certainty, each of the same, as applicable, as a condition precedent to each Interim Advance), each in form and content satisfactory to the Interim Lender in [their](#) sole discretion ~~(unless specified otherwise)~~. All present and future obligations of the Borrower under or in connection with this [Amended and Restated](#) Interim Financing Term Sheet and all other documents in connection with the Interim Facility will be satisfactory to the Interim Lender.

8. COSTS AND EXPENSES

The Borrower shall pay all of the reasonable and documented legal fees (on a solicitor-client, full indemnity basis), out-of-pocket disbursements and any costs of the Interim Lender in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, or the CCAA Proceedings, and for certainty, including without limitation the preparation and negotiation of all of the [Interim Financing Term Sheet, the Amended and Restated](#) Interim Financing Term Sheet and court filings in connection with the CCAA Proceedings, any amendments thereto or analysis thereof or the assessment or enforcement of any rights and/or remedies of the Interim Lender thereunder or in connection with in connection with the CCAA Proceedings (collectively, the **“Interim Financing Fees and Expenses”**).

9. INTERIM LENDER CHARGE

All Interim Financing Obligations of the Borrower shall be secured by the Interim Lender Charge which ~~shall be~~ [has been](#) granted by the Court on terms and conditions satisfactory to the Interim Lender in [their](#) sole discretion. The Borrower shall not agree to or consent to any Liens over the Collateral, except for Permitted Liens.

10. MONITOR

The court-appointed monitor in the CCAA Proceedings shall be KSV Restructuring Inc. (the **“Monitor”**). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor as may be requested by the Interim Lender from time to time. The Borrower does not object to the Monitor retaining

Fasken Martineau DuMoulin LLP as its legal counsel.

11. TERM AND MATURITY

All of the Interim Financing Obligations are required to be paid in full, and the Borrower shall repay all of the Interim Financing Obligations in full, on the earlier of:

(i) the occurrence of any Event of Default ~~hereunder~~ which is continuing and has not been ~~cured~~ waived by the Interim Lender, in its sole discretion;

(ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a “**Plan**”) which has been approved by the requisite majorities of the Borrower’s s creditors and by an order entered by the Court;

(iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and

(iv) ~~the date that is six months from the date of the Initial Advance~~ May 8, 2023.

(the earliest of such dates being the “**Maturity Date**”).

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date, without the Interim Lender being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan or Bankruptcy Sale shall not discharge or otherwise affect in any way any of the obligations of the Borrower to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date such Plan is implemented or Bankruptcy Sale is completed.

12. AGREED BUDGET AND REVISED BUDGETS

The Borrower has delivered, and the Interim Lender has accepted in its sole discretion, on the date hereof a current weekly line item budget covering the period of at least ninety-one (91) days following the date of this Amended and Restated Interim Financing Term Sheet (together with all updates thereto approved by the Interim Lender in their sole discretion, including the Revised Budget if approved by the Interim Lender in their sole discretion, the “**Agreed Budget**”). The Agreed Budget sets forth expected receipts and the expected operating and other expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Tuesday of each week by 5:00 p.m. (Vancouver time); ~~commencing on the second Tuesday after the Initial Advance (defined below)~~; the Borrower shall deliver to the Interim Lender:

(a) a report showing actual cash receipts and actual expenditures

for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period, and (b) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Interim Lender in its sole discretion (if so approved by the Interim Lender, the "Revised Budget").

13. AVAILABILITY UNDER INTERIM FACILITY

Provided that the Funding Conditions are satisfied to the satisfaction of the Interim Lender, each Interim Advance shall be made separately by the Interim Lender to the Borrower within two (2) Business Days of delivery by the Borrower to the Interim Lender of a written request for an Interim Advance, substantially in the form attached hereto as Schedule A. Each Interim Advance shall be in a minimum aggregate amount that is no less than \$100,000 and in excess thereof in integral multiples of \$50,000. All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit Account shall be subject to the Interim Lender Charge.

~~The initial Interim Advance shall be in an amount not in excess of \$2,000,000 or such lesser amount as authorized in the DIP Order (the "Initial Advance").~~

14. EVIDENCE OF INDEBTEDNESS

The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.

15. VOLUNTARY PREPAYMENTS AND MANDATORY PREPAYMENTS

Provided the Monitor is satisfied that there are sufficient cash reserves in the Borrower's bank accounts to satisfy amounts secured by the Permitted Priority Liens and amounts anticipated on the date of the voluntary prepayment under the Agreed Budget in respect of which Interim Advances were made that have not yet been incurred or paid, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the Interim Facility at any time prior to the Maturity Date with at least two Business Days' prior notice and provided that any such prepayment is not less than \$50,000 and in excess thereof in integral multiples of \$25,000. Any amounts prepaid ~~can~~cannot be re-borrowed ~~prior to the Maturity Date~~.

Unless otherwise consented to in writing by the Interim Lender, and provided the Monitor is satisfied that the Borrower ~~have~~has sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens, the Interim Facility Obligations shall be promptly repaid upon:

(i) a sale of any of the Collateral ~~out of the ordinary course of business~~ and consented to in writing by the Interim Lender, in an amount equal to the ~~net~~ cash proceeds of such sale (~~for greater~~

~~certainty~~, net of reasonable transaction fees and applicable taxes in respect thereof approved by the Interim Lender, in its sole discretion); or

(ii) the issuance of any shares, warrants or other equity interests or rights to acquire equity interests of the Borrower, in an amount equal to the ~~net~~ cash proceeds of such sale (~~for greater certainty~~, net of reasonable transaction fees and applicable taxes in respect thereof approved by the Interim Lender, in its sole discretion).

Any amount repaid may not be re-borrowed ~~prior to the Maturity Date~~.

16. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Interim Lender, which representations and warranties shall be deemed to be repeated at each request for an Interim Advance, and upon which the Interim Lender rely on entering into this Amended and Restated Interim Financing Term Sheet, that:

- (a) Subject to the Court granting ~~of the DIP Order~~ an order approving this Amended and Restated Interim Financing Term Sheet, the execution and delivery of, and transactions contemplated by, this Amended and Restated Interim Financing Term Sheet:
 - (i) are within the powers of the Borrower;
 - (ii) have been duly authorized by all necessary ~~corporate~~ approvals;
 - (iii) have been duly executed and delivered by or on behalf of Borrower;
 - (iv) constitute legal, valid and binding obligations of the Borrower;
 - (v) do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Authority.
- (b) The activities of the Borrower have been conducted in ~~material~~ compliance with all Applicable Law, subject to the provisions of the CCAA and any Court Order, unless: (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Court Order.
- (c) The Borrower has maintained its obligations for payroll, source deductions, goods and services

tax and harmonized sales tax, and other taxes, as applicable, and is not in arrears in respect of payment of these obligations.

- (d) The Agreed Budget is reasonable and prepared in good faith and based on reasonable assumptions.
- (e) No Default or Event of Default has occurred and is continuing.
- (f) The Borrower has made full and complete disclosure in writing to the Interim Lender of:
 - (i) all litigation or other proceedings involving the Borrower ~~(or any one or more of them)~~; and
 - (ii) all claims and/or threatened claims, litigation or proceedings against ~~any one or more of~~ the Borrower.

17. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees to perform and do each of the following until the Interim Financing Obligations are permanently, unconditionally and indefeasibly repaid in full and the Interim Facility is terminated:

- (a) provide the Interim Lender ~~or~~ and its advisors, on reasonable notice and during normal business hours, full access to the books and records of the Borrower;
- (b) cause management of the Borrower to fully co-operate with the Interim Lender and the Monitor ~~or~~ and their respective agents and advisors, as applicable;
- (c) allow the Interim Lender ~~or~~ and its advisors, on reasonable notice during regular business hours, to enter on and inspect the Borrower's s assets and properties;
- (d) keep the Interim Lender and the Monitor apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower;
- (e) Deliver to the Interim Lender:
 - (i) documents referred to in Section 12 above, on the dates and times specified in Section 12;

(ii) copies of all pleadings, motions, applications, judicial or financial information and other documents to be filed by or on behalf of the Borrower with the Court, at least three (3) Business Days prior to the date on which such material is filed, unless it is not practical in the circumstances to provide such materials on such timing in which case the Borrower shall provide such material as far in advance as the circumstances permit; all such court filings by the Borrower shall be in form and substance satisfactory to the Interim Lender to the extent that any such filings affect or can reasonably be expected to affect the rights and interests of the Interim Lender;

(iii) prompt notice of material events, including, without limitation, defaults, new ~~material~~ litigation or changes in status of ongoing ~~material~~ litigation, regulatory and other filings;

(iv) other ~~reasonable~~ information requested by the Interim Lender from time to time;

(v) prompt notice of any event that could reasonably be expected to result in a Material Adverse Change;

(vi) copies of all material communications received from existing or prospective clients; and

(vii) without limiting the foregoing, in a timely manner and prior to effecting or incurring such transaction or expense, the Borrower shall deliver to the Monitor and the Interim Lender copies of any financial reporting which shows a ~~material~~ transaction or material expense, or a ~~materially~~an adverse financial position of the Borrower, which is not reflected in the Agreed Budget, and shall forthwith provide any reports or commentary received from the Monitor in respect of same;

(f) Use the proceeds of the Interim Facility only for the purposes described in Section 4, and in a manner consistent with the restrictions set out herein;

(g) Comply with the provisions of the ~~court~~Court orders made in the CCAA Proceedings (collectively, the “**Court Orders**” and each a

“Court Order”);

- (h) Conduct all activities in a manner consistent with the Agreed Budget;
- (i) Forthwith notify the Interim Lender and the Monitor of the occurrence of any Default or Event of Default;
- (j) Comply with all Applicable Law except to the extent not required to do so pursuant to the Initial Order or any other Court Order;
- (k) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating not expressly consented to in writing in advance by the Interim Lender (i) in its sole discretion in respect of any appeal, reversal, modification, amendment stay or vacating relating to the Interim Facility or any other matter that adversely affects the Interim Lender, and (ii) acting reasonably in respect of any other appeal, reversal, modification, amendment, stay or vacating;
- (l) Promptly upon becoming aware thereof, provide details of the following to the Interim Lender: ~~(#)~~ any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Borrower, by or before any court, tribunal, Governmental Authority or regulatory body, which would be reasonably likely to result in, individually or in the aggregate, in a judgment in excess of \$250,000 or the equivalent amount thereof in any other currency; and
- (m) Provide to the Interim Lender regular updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan or Restructuring Option and any information which may otherwise be confidential, subject to same being maintained as confidential by the Interim Lender; provided however, in no event shall any information subject to privilege be required to be provided to the Interim Lender.

18. NEGATIVE COVENANTS

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- (a) Transfer, lease, farm-out or otherwise dispose of all or any part of its property, assets or undertaking, except ~~for Permitted Dispositions~~ with the prior written consent of the Interim Lender.
- (b) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.
- (c) Make any payments or distributions of any kind other than as may be permitted by a Court Order and that does not result in an Event of Default and is provided for in the Agreed Budget.
- (d) Create or permit to exist indebtedness, liabilities or obligations other than (i) existing (pre-filing) debt and disclosed to the Interim Lender in writing prior to the date of the Interim Financing Term Sheet, (ii) debt contemplated by this Amended and Restated Interim Financing Term Sheet, (iii) post-filing trade payables or other post-filing unsecured obligations incurred in the ordinary course of business in accordance with the Agreed Budget and any Court Order, and (iv) indebtedness, liabilities or obligations expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.
- (e) Make or give any additional financial assurances, in the form of bonds, letters of credit, guarantees or otherwise, to any person including without limitation any Governmental Authority.
- (f) Support or not oppose a motion by another Person to provide to any third party a Lien on the Collateral, other than the Permitted Liens.
- (g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
- (h) Other than transitioning to and entering a state of care and maintenance, cease (or threaten to

cease) to carry on ~~their~~its business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted.

- (i) Amend, replace or modify the Agreed Budget other than in accordance with the terms of this [Amended and Restated Interim Financing](#) Term Sheet.
- (j) Apply for, or consent to, any Court Orders or any change or amendment to any Court Order which affects the Interim Lender ~~or the Agent~~, without the prior consent of the Interim Lender.
- (k) Enter into any contract or other agreement which involves potential expenditures in excess of \$200,000 or the equivalent amount thereof in any other currency without the prior written consent of the Interim Lender, provided that the payment of such amount must be permitted by and will not constitute a default under the Agreed Budget or any Court Order.
- (l) Make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon).
- (m) (i) Enter into, renew, amend or modify any transaction or contractual relationship with any ~~Related Party~~related party or other Person; or (ii) make any payment with respect to, or perform any obligation under, an agreement with a ~~Related Party~~related party or other Person other than in accordance with the Agreed Budget.
- (n) Enter into, renew, amend, modify or assume any employment, consulting or analogous agreement, key employee retention plan or other arrangement with or for the benefit of any director, senior or executive officer or senior management of the Borrower ~~or~~ any ~~Related Party~~related party or other Person, or make any payment ~~to any such Person~~ in respect of any bonus, change of control payment or severance package of any kind whatsoever other

than (i) as consented to by the Monitor and approved by the Court on prior notice to the Interim Lender or (ii) as consented to by the Interim Lender, ~~acting reasonably~~ in its sole discretion.

- (o) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as reflected in the Agreed Budget.
- (p) Other than the Monitor, its legal counsel and legal counsel to the Borrower, and the Interim Lender engaged as of the date hereof, pay, incur any obligation to pay, or establish any retainer with respect to, the fees, expenses or disbursements of a legal, financial or other advisor of any party, unless such fees, expenses or disbursements, as applicable, are reviewed and approved in advance by the Monitor and the Interim Lender, in its sole discretion.
- (q) The Borrower shall not agree to or consent to any Liens over the Collateral, except for Permitted Liens.
- (r) Make any payments or expenditures (including capital expenditures) other than in accordance with the Agreed Budget.
- (s) Seek, obtain or support (i) any Court Order or any amendment to a Court Order except with the prior written consent of the Interim Lender, (x) in ~~their~~ its sole discretion in respect of any Court Order or amendment thereto relating to the Interim Facility, or any other matter that adversely affects the Interim Lender and (y) acting reasonably in respect of any other Court Order or amendment thereto.
- (t) Amalgamate, consolidate with or merge into or sell all or substantially all of ~~their~~ its assets to another entity, or change its corporate or capital structure (including its organizational documents) or enter into any agreement committing to such actions except in connection with a Plan which will result in the repayment in full of all of the Interim Facility Obligations.

19. EVENTS OF DEFAULT

The occurrence of any one or more of the following events without the Interim Lender's written consent shall constitute an event of default ("**Event of Default**") under this Amended and

Restated Interim Financing Term Sheet:

- (a) the issuance of an order of the Court (including any Court Order) or any other court of competent jurisdiction:
 - (i) dismissing the CCAA Proceedings, or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien, judgment or execution against the Borrower, or ~~a material portion~~ any of its property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against the Borrower; granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens; or
 - (ii) staying, reversing, vacating or otherwise modifying any Court Order without the prior consent of the Interim Lender (i) in the sole discretion of the Interim Lender in respect of any Court Order or amendment thereto relating to the Interim ~~Financing~~ Facility or any other matter that adversely affects the Interim Lender and (ii) acting reasonably in respect of any other amendment;
- (b) the filing of any pleading by the Borrower seeking any of the matters set forth in paragraph (a) above, or failure of the Borrower to diligently oppose any Person that brings an application or motion for the relief set out in paragraph (a) above;
- (c) failure ~~of any~~ of the Borrower to comply with (i) any of the negative covenants in this Amended and Restated Interim Financing Term Sheet, ~~and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of five (5) Business Days~~ or (ii) any of the positive covenants in this Amended and Restated Interim Financing Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of ~~ten~~ three (~~10~~ 3)

Business Days;

- (d) any Revised Budget is not delivered to the Interim Lender when due;
- (e) (i) any Revised Budget (A) contemplates or forecasts an adverse change or changes from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (B) contemplates or forecasts a cash flow deficit in excess of \$500,000 or the equivalent amount thereof in any other currency or (ii) there shall exist an overall negative expense variance in excess of the greater of 15% or \$100,000 in the then current Agreed Budget ~~(each, an "Updated Budget Default");~~
- (f) the occurrence of a Material Adverse Change as determined by the Interim Lender, in its sole discretion;
- (g) any representation or warranty by the Borrower in this Amended and Restated Interim Financing Term Sheet is incorrect or misleading in any material respect;
- (h) the aggregate amount of the outstanding Interim Advances under the Interim Facility exceeds the Maximum Amount;
- (i) any ~~material~~ violation or breach of any Court Order;
- (j) any proceeding, motion or application is commenced or filed by ~~any of~~ the Borrower, or if commenced by another party, supported ~~or~~, otherwise consented to, or not opposed, by the Borrower, (i) seeking the invalidation, subordination or other challenging of or is otherwise inconsistent with the terms of the Interim Facility, including without limitation the Interim Lender Charge, ~~or~~ this Amended and Restated Interim Financing Term Sheet; (ii) challenging the validity, priority, perfection or enforceability of the Liens created pursuant to the Interim Lender Charge; (iii) unless the Plan, Restructuring Option or Bankruptcy Sale provides for repayment in full of the Interim Facility Obligations, seeking the approval of, or consenting to, or not opposing, any Plan, Restructuring Option or Bankruptcy Sale which does not have the prior consent of the Interim Lender; ~~or~~ (iv) could otherwise reasonably be

expected to adversely affect the interests of the Interim Lender; or (v) seeks to vary the priority of the Liens created pursuant to the Interim Lender Charge ~~is varied~~ without the consent of the Interim Lender or sanctioning any Plan ~~is sanctioned~~ or any Bankruptcy Sale is consummated by ~~any of~~ the Borrower that is not consistent with or contravenes any provision of this Amended and Restated Interim Financing Term Sheet, in a manner that is ~~materially~~ adverse to the interests of the Interim Lender, as determined by the Interim Lender, or ~~would reasonably could~~ be expected to materially adversely affect the interests of the Interim Lender, as determined by the Interim Lender, unless the Interim Lender ~~have~~has consented thereto;

- (k) failure of the Borrower to pay any ~~principal~~ amount owing under this Amended and Restated Interim Financing Term Sheet when due;
- (l) failure of the Borrower to pay (i) interest or any portion thereof owing under this Term Sheet when due ~~and such Default shall remain unremedied for a period of five (5) Business Days~~, or (ii) legal or other advisory fees and expenses of the Interim Lender within seven (7) days after receipt by the Borrower of an invoice for such fees ;
- (m) the Borrower commences (or threatens to commence) an action or takes (or threatens to take) any other proceeding to obtain any form of relief against the Interim Lender;
- (n) the expiry without further extension of the stay of proceedings provided for in the Initial Order;
- (o) the Borrower ceases (or threatens to cease) to carry on business as currently operated (the transitioning to and entering a state of care and maintenance being permitted), except where such cessation occurs in connection with a Plan or Bankruptcy Sale which otherwise satisfies the terms and conditions contained herein; or

the denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this Amended and Restated Interim Financing Term Sheet.

20. REMEDIES

Upon the occurrence of an Event of Default and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate ~~their respective~~its commitments to make Interim Advances to the Borrower hereunder and declare all Interim Financing Obligations in respect of this Amended and Restated Interim Financing Term Sheet to be immediately due and payable and cease ~~making to make~~ any further Interim Advances.

In addition, upon the occurrence of an Event of Default, the Interim Lender may, in its sole discretion, on not less than 5 Business Days' notice to the Borrower and Monitor, and subject to any Court Order:

- (b) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral to substitute the Monitor and/or enhance any powers of the Monitor, or for the appointment of a trustee in bankruptcy of the Borrower;
- (c) set-off or combine any amounts then owing by the Interim Lender (or any one or more of them) to ~~any of~~ the Borrower against the obligations ~~of any~~ of the Borrower to the Interim Lender hereunder;
- (d) apply to the Court for an order or orders, on terms satisfactory to the Monitor and the Interim Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings;
- (e) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Acts of British Columbia and/or Ontario* or any other Applicable Law relating to the enforcement of Liens by secured creditors against any types of property and for certainty including the Collateral; and
- (f) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under ~~the~~, the Court Orders and Applicable Law.

The rights and remedies of the Interim Lender under this Amended and Restated Interim Financing Term Sheet are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, including under the CCAA or any other Applicable Law.

21. AMENDMENTS, WAIVERS, ETC.

No amendment or waiver of any provisions of this [Amended and Restated](#) Interim Financing Term Sheet or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by the Interim Lender (and in the case of amendments, the Borrower). Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given. Upon the occurrence of an Event of Default and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate ~~their respective~~[its](#) commitments to make Interim Advances to the Borrower hereunder and declare all Interim Financing Obligations in respect of this [Amended and Restated](#) Interim Financing Term Sheet to be immediately due and payable and cease making any further Interim Advances, [whereupon such commitment will immediately be terminated and all Interim Financing Obligations will be immediately due and payable.](#)

22. COUNTERPARTS AND FACSIMILE SIGNATURES

This [Amended and Restated](#) Interim Financing Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this [Amended and Restated](#) Interim Financing Term Sheet can be executed and delivered by any manner of direct electronic transmission including without limitation “pdf email” or “DocuSign”, each of which shall be deemed to be an original hereof.

23. CONFIDENTIALITY

This [Amended and Restated](#) Interim Financing Term Sheet is delivered on the condition that each of the Borrower and ~~their~~[its](#) affiliates shall not disclose such documents or the substance of the financing arrangements proposed therein to any person or entity outside of their respective organizations, except to those professional advisors who are in a confidential relationship with them and as required in connection with any court filing in the CCAA Proceedings.

24. FURTHER ASSURANCES

Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby and thereby.

25. TIME IS OF THE ESSENCE

Time is of the essence in this [Amended and Restated](#) Interim Financing Term Sheet and the Interim ~~Financing~~ Facility and all transactions contemplated thereby.

26. ENTIRE AGREEMENT

This Term Sheet constitutes the entire agreement between the parties hereto pertaining to the matters therein set forth and ~~supersedes~~[supersedes](#) and ~~replace any~~[replaces all](#) prior understandings ~~of~~[and](#) arrangements pertaining to the Interim Facility. There are no warranties, representations or agreements between the parties in connection with such matters except as

specifically set forth herein or in the Interim Financing Loan Documentation.

27. SEVERABILITY

Each of the provisions contained in this [Amended and Restated](#) Interim Financing Term Sheet is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

28. GOVERNING LAW

This [Amended and Restated](#) Interim Financing Term Sheet shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender ~~and the Agent~~ to enforce this [Amended and Restated](#) Interim Financing Term Sheet in any other proper jurisdiction, ~~each of~~ the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

[Continued on next page.](#)

29. NOTICES

Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission, including email, pdf email or "DocuSign" to such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 Pacific Time or on a day other than a Business

Day, in which case such notice, request, consent, waiver or other communication shall be deemed to be received on the next following Business Day.

IN WITNESS WHEREOF the parties hereto have executed this Term Sheet.

Address: Suite 1900 – 1055 West Hastings,
Vancouver, British Columbia

Attention: Mark O’Dea, President & Chief Executive Officer
Email: modea@oxygencapitalcorp.com

With a copy to: Chris Haubrich, Chief Financial Officer
Email: chaubrich@puregoldmining.ca

BORROWER:

PURE GOLD MINING INC.

By: _____
Name: Mark O’Dea
Title: President and Chief Executive Officer

Address:

200 Bay Street, Suite 2600
Toronto ON, M5J 2J1

Attention: Jim Grosdanis
Email: jgrosdanis@sprott.com

INTERIM LENDER:

**SPROTT RESOURCE LENDING CORP. in its capacity as
General Partner of SPROTT PRIVATE RESOURCE LENDING II
(COLLECTOR), LP**

By: _____
Name: Jim Grosdanis
Title: Managing Partner

SCHEDULE A

DEFINED TERMS

“Administration Charge” means the administration charge on the Collateral in an aggregate amount not to exceed \$750,000.

“Applicable Law” means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation, save and except any reporting issuer obligations applicable to the Borrower, which shall be complied with to the extent practicable and within the Agreed Budget.

“Bankruptcy Sale” means the sale of all or substantially all of the assets of the Borrower pursuant to a sale approved by the Court.

“Business Day” means a day, excluding Saturday and Sunday, on which banks are generally open for business in the Province of British Columbia.

“Collateral” means all present and future assets and property of the Borrower, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired;

“DIP Order” means the [Court Orders dated October 31, 2022 and November 9, 2022 issued by the Honourable Justice Walker of the Supreme Court of British Columbia in connection with the CCAA Proceedings.](#)

“D&O Charge” means the directors and officers’ charge on the Collateral in the amount set out in the Court Order(s) granting (or amending) the D&O Charge (which Court Orders and D&O Charge amount shall have been agreed to by the Interim Lender in advance);

“Default” means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

“Deposit Account” means the account(s) maintained by the Borrower to which payments and transfers under the [Amended and Restated](#) Interim Financing Term Sheet are to be deposited, which are specified in writing by the Borrower to the Interim Lender or such other account or accounts as the Borrower may from time to time designate by written notice to the Interim Lender.

~~**“Environmental Liabilities”** means all liabilities, obligations, responses, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs and other costs and expenses, including fines, penalties, sanctions and interest incurred as a result of or related to any claim, investigation, proceeding or demand of any Governmental Authority against any of the Borrower including, without limitation, arising under or related to any law relating to the environment or in connection with any substance which is or is deemed under any applicable law to be, alone or in combination, hazardous, hazardous waste, toxic, a pollutant, a contaminant or source of pollution or contamination whether on, at, in, under, from or about or in the vicinity of any real or personal property owned by any of the Borrower, or any real or personal property that was previously owned, leased or occupied by any of the Borrower.~~

“Governmental Authority” means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or

person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

[“Initial Order” is the initial order dated October 31, 2022 issued by the Honourable Justice Walker of the Supreme Court of British Columbia in connection with the Borrower’s CCAA application](#)

“Interest Payment Date” means the first day of each month in respect of the immediately preceding month; provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

[“Interim Financing Term Sheet” means the interim financing term sheet dated October 30, 2022 between Pure Gold Mining Inc., as the Borrower, and Sprott Private Resource Lending II \(Collector\), LP, as the Interim Lender.](#)

[“Interim Facility Obligations” means all of the present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured of the Borrower to the Lender, under, pursuant to or in connection with this Amended and Restated Interim Financing Term Sheet, interest, fees, indemnities, costs and expenses owing hereunder and thereunder.](#)

[“Interim Financing Loan Documentation” means this Amended and Restated Interim Financing Term Sheet and all other documents now or hereafter delivered by the Borrower or Lender pursuant to or in connection with this Amended and Restated Interim Financing Term Sheet and designated as an Interim Financing Loan Document by the Borrower and the Lender.](#)

“Liens” means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;

“Material Adverse Change” means any event, circumstance, occurrence or change which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change (and for certainty including a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse change) in:

- (a) the ability of the Borrower to timely and fully perform any obligation under this [Amended and Restated](#) Interim Financing Term Sheet or any Court Order, or the ability of the Borrower to carry out a Plan or Restructuring Option;
- (b) the validity or enforceability of any of ~~(+) the~~ Interim Lender Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Interim Lender under or pursuant to such Interim Lender Charge;
- (c) the rights and remedies of the Interim Lender under this [Amended and Restated Interim Financing](#) Term Sheet;
- (d) the business, prospects, operations, assets, condition (financial or otherwise) or results of operations of the Borrower, ~~on a consolidated basis,~~ including without limitation a material adverse qualification (other than a “going concern” qualification resulting from the CCAA proceedings);
- (e) any ~~material~~ adverse misstatement of the financial statements of the Borrower;

- (f) the ability of the Borrower to carry on its business as conducted as of the date of this [Amended and Restated Interim Financing](#) Term Sheet (the transitioning to and entering a state of care and maintenance being permitted); or
- (g) the Collateral.

~~“Permitted Disposition” means assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding Cdn. \$500,000 (or the equivalent amount thereof in any other currency) for such fiscal year, and any other sale, lease or disposition expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.~~

“Permitted Liens” means (i) the Interim Lender Charge; (ii) any charges created under the DIP Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender as confirmed in writing by the Interim Lender and for certainty, including the D&O Charge; (iii) valid and perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising in the ordinary course of business, provided all such amounts are paid as and when due; and (v) the Permitted Priority Liens.

“Permitted Priority Liens” means: (a) the Administration Charge; (b) the D&O Charge; (c) statutory super-priority Liens for unpaid employee source deductions to the extent they are given first priority over other Liens by Applicable Law; (d) Liens for unpaid municipal or county property taxes or utilities to the extent that they are given first priority over other Liens by Applicable Law; and (e) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, except as expressly set forth herein, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be “Permitted Priority Liens”.

“Person” means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Restructuring Option” means any transaction involving the refinancing of the Borrower, the sale of all or substantially all of the assets of the Borrower or any other restructuring of the Borrower’s businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower.

SCHEDULE B
REQUEST FOR ADVANCE

REQUEST FOR ADVANCE

TO: The Interim Lender
AND TO: The Monitor
DATE: _____, 202__

Dear Sirs:

The undersigned refers to the amended and restated interim financing term sheet dated as of ~~October 30~~ February 28, 2022 2023 (the "**Term Sheet**") made among Pure Gold Mining Inc. (the "**Borrower**") and the Interim Lender.

Capitalized terms used in this Request for Advance have the same meanings herein as are ascribed thereto in the Term Sheet.

2. The Borrower hereby gives you notice pursuant to the Term Sheet that the undersigned requests an Interim Advance under the Interim Facility (the "**Interim Facility Advance**") in the Term Sheet be deposited into the Deposit Account as follows:

- (a) Amount of Interim Advance requested: \$ _____
- (b) Requested funding date: _____
- (c) Total principal amount currently outstanding (excluding this Interim Facility Advance):
\$ _____
- (d) Availability remaining under the Interim Facility (excluding this Interim Facility Advance):
\$ _____

3. Each of the undersigned, being _____ an officer of the Borrower, hereby certify to you for and on behalf of the Borrower (and not in his or her personal capacity) as follows:

- (a) all of the representations and warranties contained in the Term Sheet are true and correct in all ~~material~~ respects in each case on and as of the date hereof and will be true and correct as of the date of the requested Interim Facility Advance as though made on and as of such date (unless expressly stated to be made as of a specified date);
- (b) no Default or Event of Default has occurred and is continuing or shall result from the requested Interim Facility Advance;
- (c) the Interim ~~Facility~~ Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Facility Advance;

- (d) the Interim Facility Advance is consistent with the Agreed Budget; and
- (e) the other Borrower are in compliance with the Term Sheet and the Court Orders.

The undersigned certifies that **[he/she]** is _____, of the Borrower, and that as such **[he/she]** is authorized to execute this certificate on behalf of the Borrower. The undersigned further certifies, represents and warrants on behalf of the Borrower (and not in his or her personal capacity) that the Borrower is entitled to receive the requested Interim Advance under the terms and conditions of the Term Sheet.

PURE GOLD MINING INC.

By: _____
Name:
Title:

Document comparison by Workshare Compare on Thursday, March 2, 2023
9:29:13 AM

Input:	
Document 1 ID	file:///C:/Users/yop/Desktop/Pure gold/Pure Gold - Sprott Interim Facility Term Sheet Oct 30 final.DOCX
Description	Pure Gold - Sprott Interim Facility Term Sheet Oct 30 final
Document 2 ID	file:///C:/Users/yop/Desktop/Pure gold/Sprott_Amended_and_Restated_Interim_Facility_Term_Sheet_Feb_28_2023 execution version.DOCX
Description	Sprott_Amended_and_Restated_Interim_Facility_Term_Sheet_Feb_28_2023 execution version
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	155
Deletions	119
Moved from	0
Moved to	0
Style changes	0
Format changes	0

Total changes	274
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